

AUTOMOTIVE EXECUTIVE

Performance Cars
GM Anniversary Special

OFFICIAL
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OF THE NATIONAL
AUTOMOBILE
DEALERS
ASSOCIATION

October 1983 Volume 5, Number 10



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once,
going
twice*





Rustler.

In the 1800's, rustlers often tricked ranchers out of their horses by changing the brand. Today the same trick is being used to rip off automobile dealers. And all the modern desperado needs is a license to steal.

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(For more information circle #27)

One of the best salesmen on your sales floor isn't on the floor. It's in the car.

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Tilt-Wheel sells cars. Lots of them. Today, seven of every ten new GM cars are sold with Tilt-Wheel. And more Tilt-Wheels than ever are being ordered on smaller GM cars. It gives you a selling advantage that most imports and many other small cars don't even offer.

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Tilt-Wheel

It does so much...
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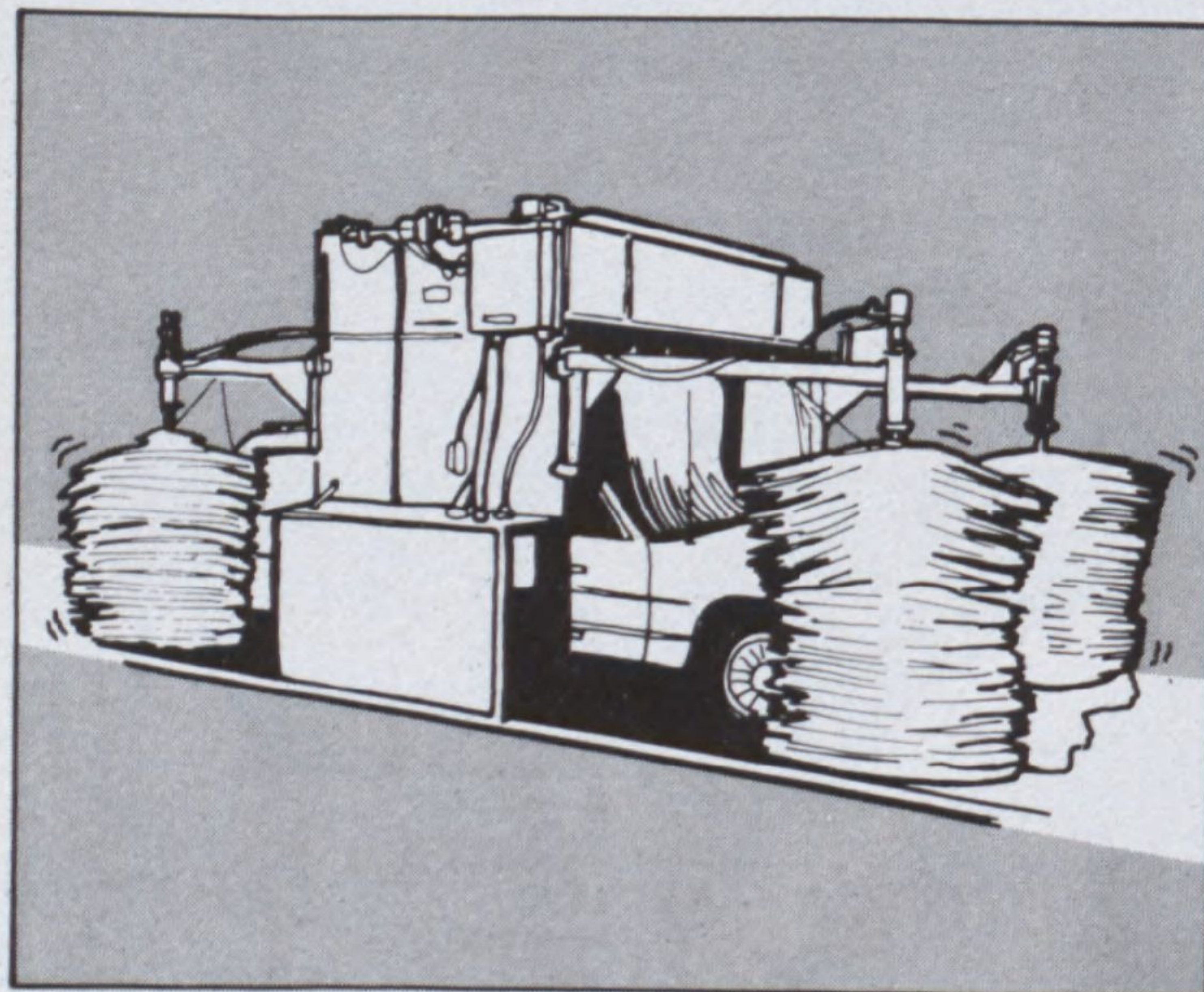


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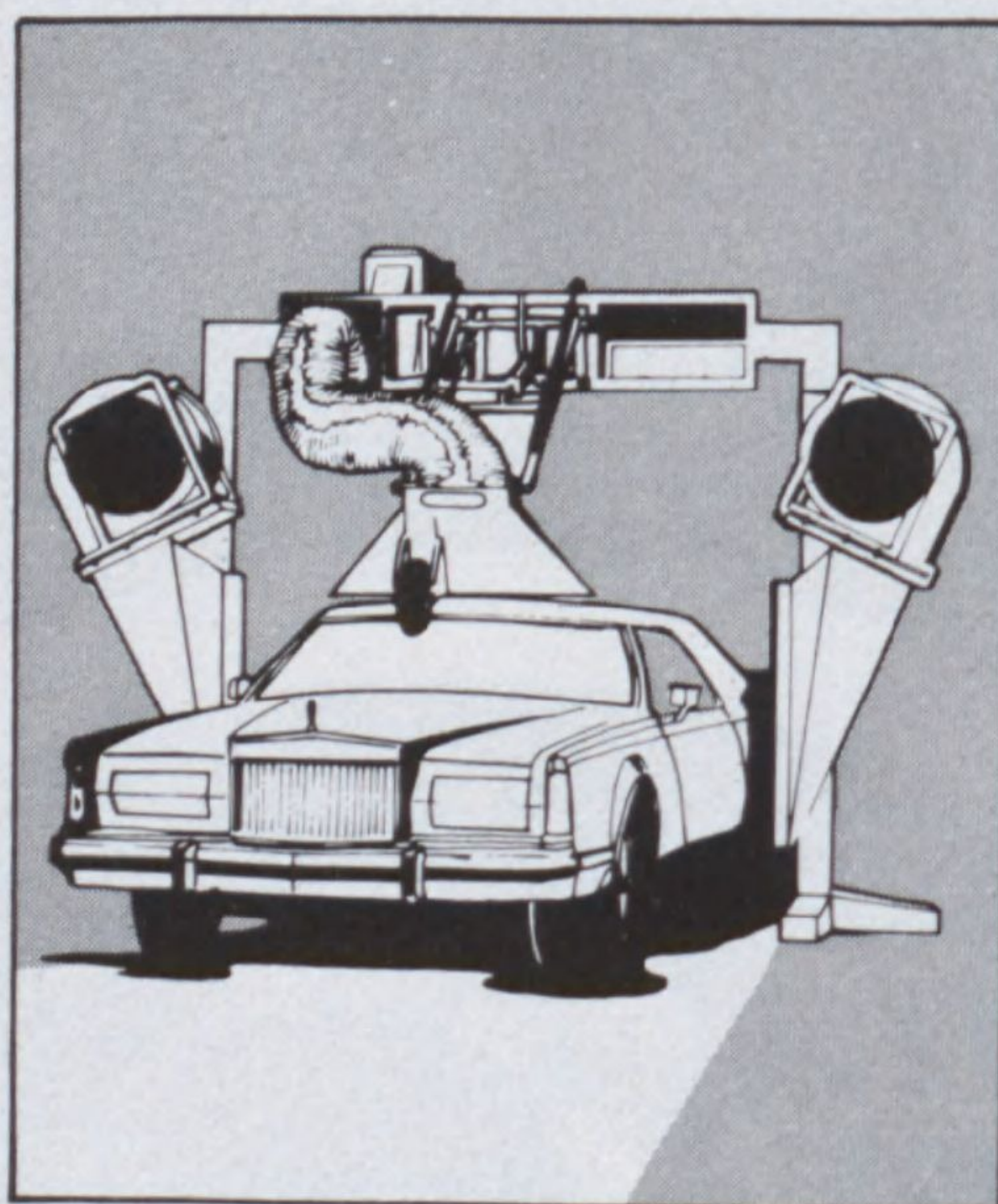
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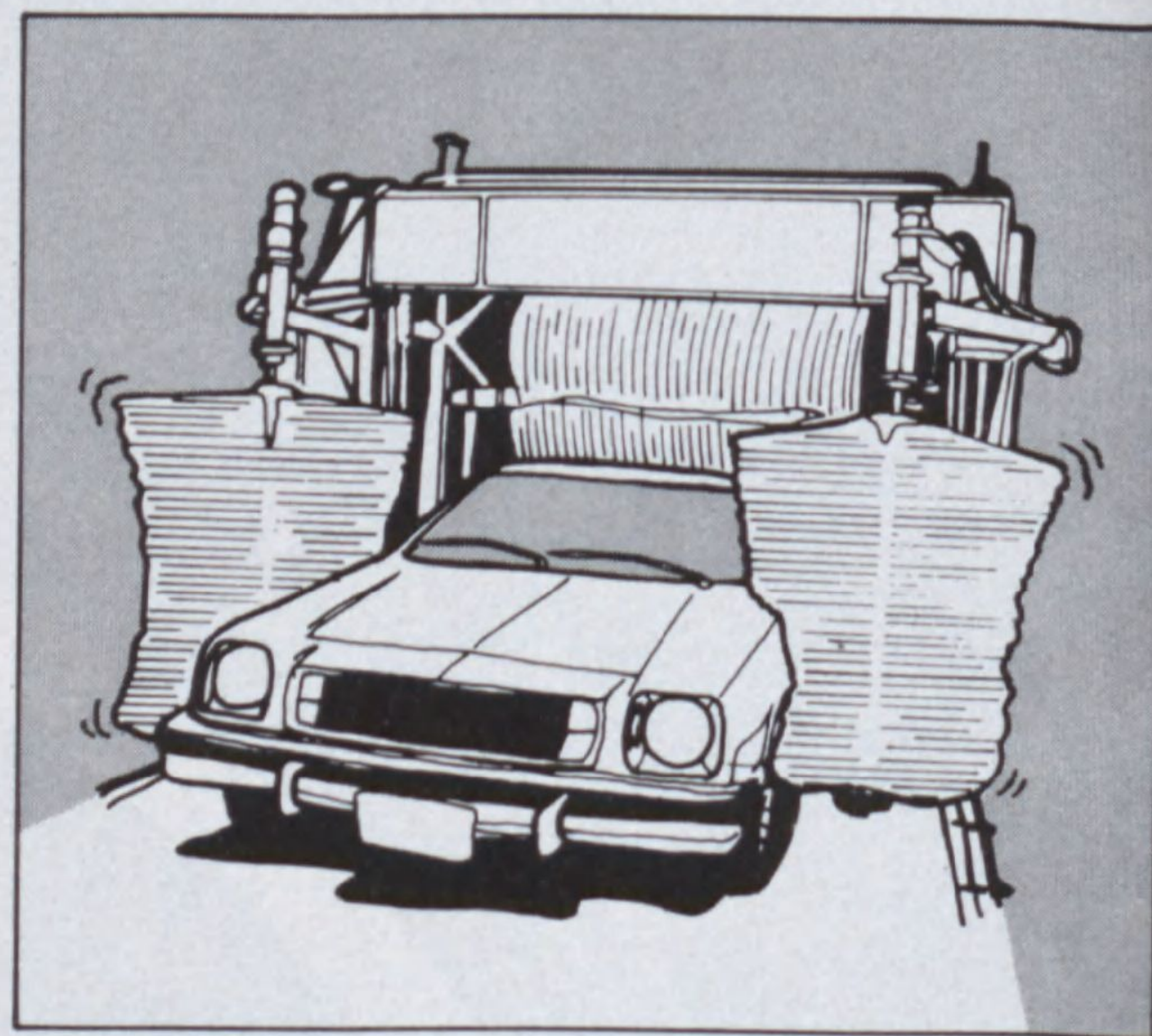
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(For more information circle #5)

Reflections

Nothing endures except change.

This thought is hardly new. But it seems particularly appropriate to the new-vehicle business today. Just consider events of the past decade:

- An artificial fuel-supply panic and an apparent end to the market for large (and more profitable) vehicles.
- Resulting excess inventory and widespread dealer failures.
- Massive government regulation of new manufacturing, dictating "look-alike" boxes.
- Recession and an apparent car market collapse.
- Internationalization of the industry and consolidation by manufacturers.
- Sudden rapid economic growth accompanied by a new consumer demand for larger vehicles, more powerful engines and increased comfort options.

Change, it seems, comes full cycle.

Today, our business future is filled with excitement and promise. Cars are fun again.

- Tempered by good business sense, dealer optimism is the highest ever seen. The stores, "leaned up" over the last few years, are prepared for the marketplace of the '80s.
- Most forecasters project only moderate fuel price increases through 1990.
- Manufacturers now offer superior performance products for all markets to meet dealer and consumer demands.

Once again, this industry is putting hundreds of thousands of Americans back to work. And that's a great feeling.

Particularly for dealers.



HOW BMW PARTS CAN IMPROVE THE PERFORMANCE OF THIS MACHINE.



BMW's 1981 new-car sales in the U.S. represented an increase of 12.8% over 1980.

In fact, BMW's sales have increased by an average of 16.1% annually since 1974.

Now, if your BMW service business hasn't kept pace, there are certain facts you should consider.

For one thing, most BMW owners are confirmed driving enthusiasts—people who buy a BMW because it generously rewards their enthusiasm. And who are prepared to pay considerable sums of money to maintain that performance.

Also, the BMW owner has invested a great deal of money into purchasing his or her car—more than the annual income of most Americans. Obviously, a most compelling reason for maintaining one's investment.

All of which results in an ever-increasing demand for genuine BMW parts.

Because only genuine BMW parts are built to the same exacting tolerances, and with the same inspired engineering, as the cars they were designed for.

So it stands to reason that a service operation that uses only genuine BMW parts will attract the business of these highly discriminating customers.

Of course, the best place to get genuine BMW parts is at your local BMW dealer—where you can also participate in the Parts Exchange Program.

Through this program, you can exchange a BMW component that needs rebuilding for one that's already been remanufactured—and guaranteed*—by BMW. An arrangement that greatly reduces your downtime, ties up less of your workspace, and allows you to service more cars.

Genuine BMW parts have always been the surest way to preserve the performance of a BMW. But they also happen to be an excellent way to improve the performance of your business.



GENUINE BMW PARTS

*Contact BMW of North America for details. © 1982 BMW of North America, Inc. The BMW trademark and logo are registered.

(For more information circle #3)

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VBPA

OCTOBER 1983 VOLUME 5 NUMBER 10

On the cover: An inside look at the Baltimore/Washington Auto Exchange. Illustration by Pat Taylor Inc., Washington, DC.

FEATURES

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Going Once, Going Twice

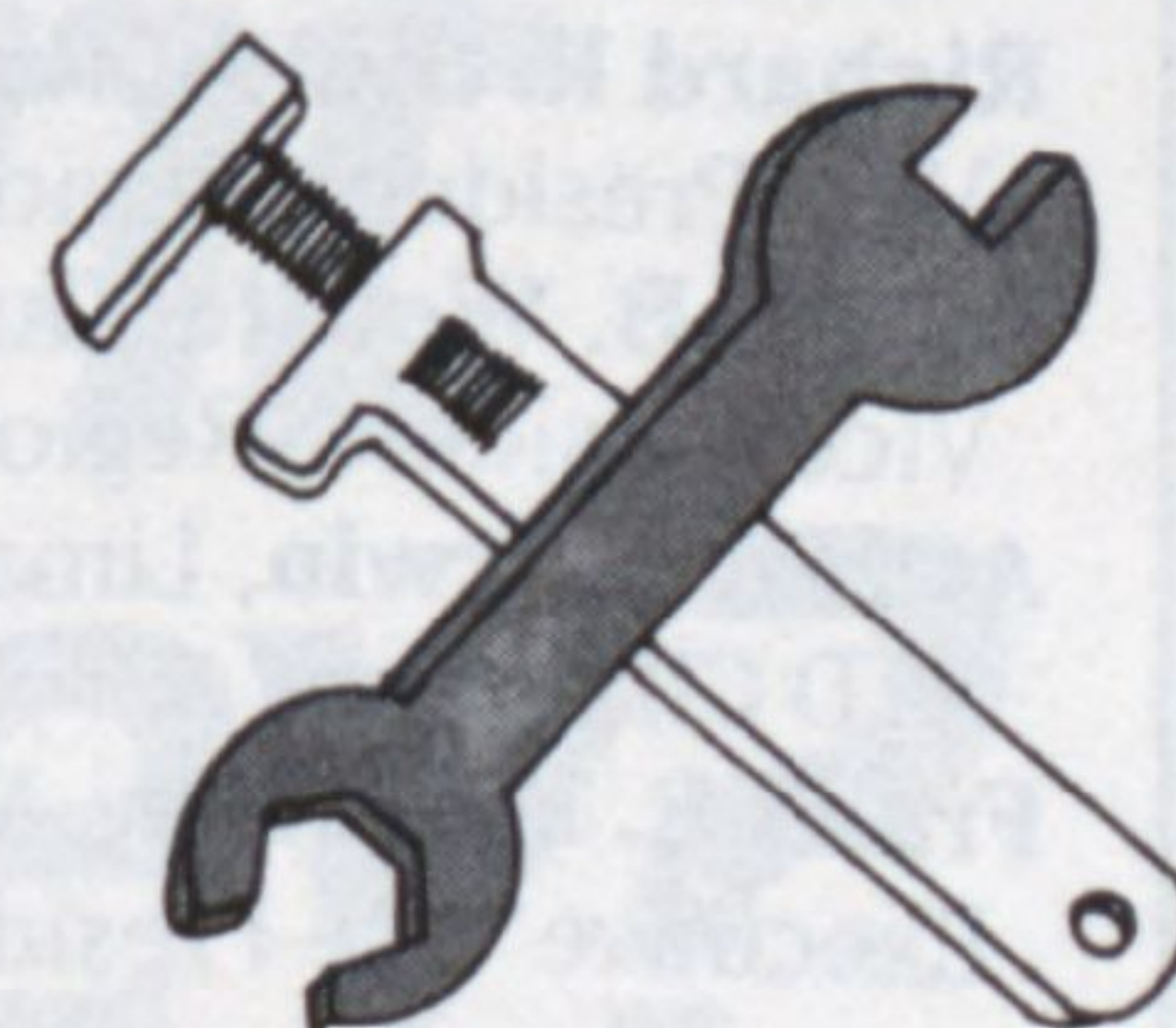
A lively look at the Baltimore/Washington Auto Exchange, where 500 to 650 used cars go on the block each sale day.



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Sab Story: Horatio Alger Lives

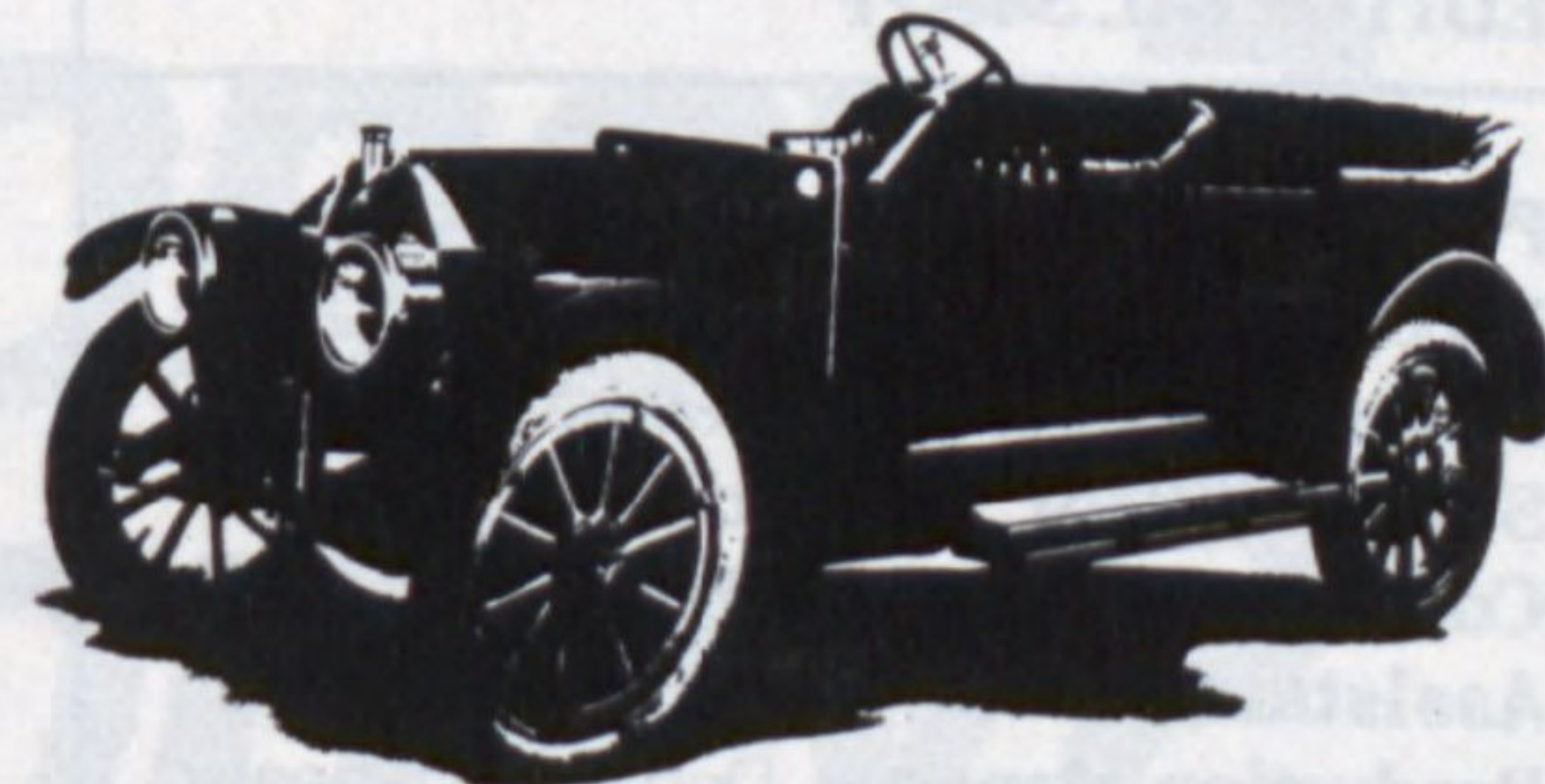
A profile of a man who opened a repair business in 1966 and now runs a successful Datsun dealership in Connecticut.



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So Brief the Years: The 75th Anniversary of General Motors

A trip back in history through the eyes of five dealers who have been in business a total of 347 years.



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The Rebirth of Performance

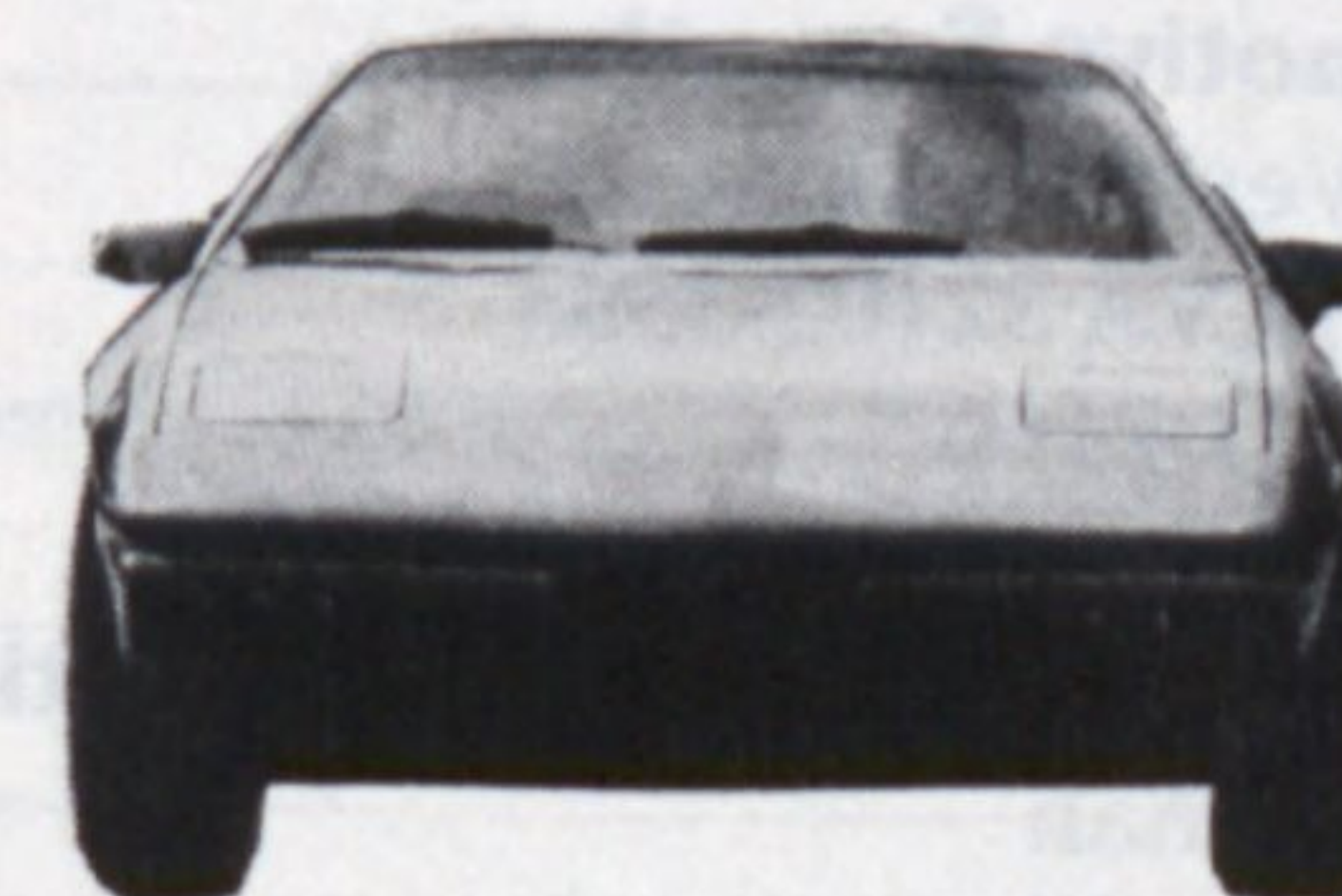
The emerging generation of performance cars is causing high-pitched enthusiasm among buyers, dealers and manufacturers.



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Close-Up

Five writers report on recent new model introductions at Pontiac, Mercedes, Mitsubishi, Chrysler and Toyota.



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20-Group Ideas

Up-To-Date Wills

At a recent 20-Group meeting, the subject of properly drawn wills came up. Having rewritten his will the previous year to take advantage of the tax changes of 1978, one dealer was amazed to find his "new" will might be outdated already.

The major estate tax changes of the Economic Recovery Tax Act of 1981 make it essential for all married persons to review existing wills. It is equally important to become familiar with other changes before drawing up a new will.

Many wills executed before September 12, 1981, when this part of the new law went into effect, provided for giving a spouse the maximum marital deduction. At that time, the maximum was \$250,000 or one-half of the estate, whichever was greater. The 1981 Act provides that marital deduction clauses in wills executed before September 12, 1981 will be interpreted under the pre-1982 laws, unless amended after that date.

The new law provides for an unlimited marital deduction. Simply stated, this means an entire estate, regardless of size, can be left to a surviving spouse without incurring an estate tax liability. This may be convenient when the first spouse dies, but could pose a major tax problem on the death of the partner. Another significant provision of the 1981 Act increases the value you may transfer to someone other than your spouse. This amount will increase annually until 1987.

The combination of unlimited marital deduction and increasing non-spousal transfer values may make people careless about preparing a proper will. It is a dangerous misconception to believe you have nothing to worry about as far as estate taxes are concerned.

If your will was written before September 12, 1981, or if you do not have a valid will, you have a job to do that should not be postponed. ■

Increasing Body Shop Business

Hedenquist Motors Inc. in Jackson, MN, used the following idea to introduce

service customers to the body shop. The service advisors contacted the body shop manager when a small body-repair job was needed. The body shop manager wrote an estimate and left a copy of it in the customer's car. The dealership noticed a dramatic increase in the number of repair jobs going through the body shop as a result of this idea. ■

Positive Recall

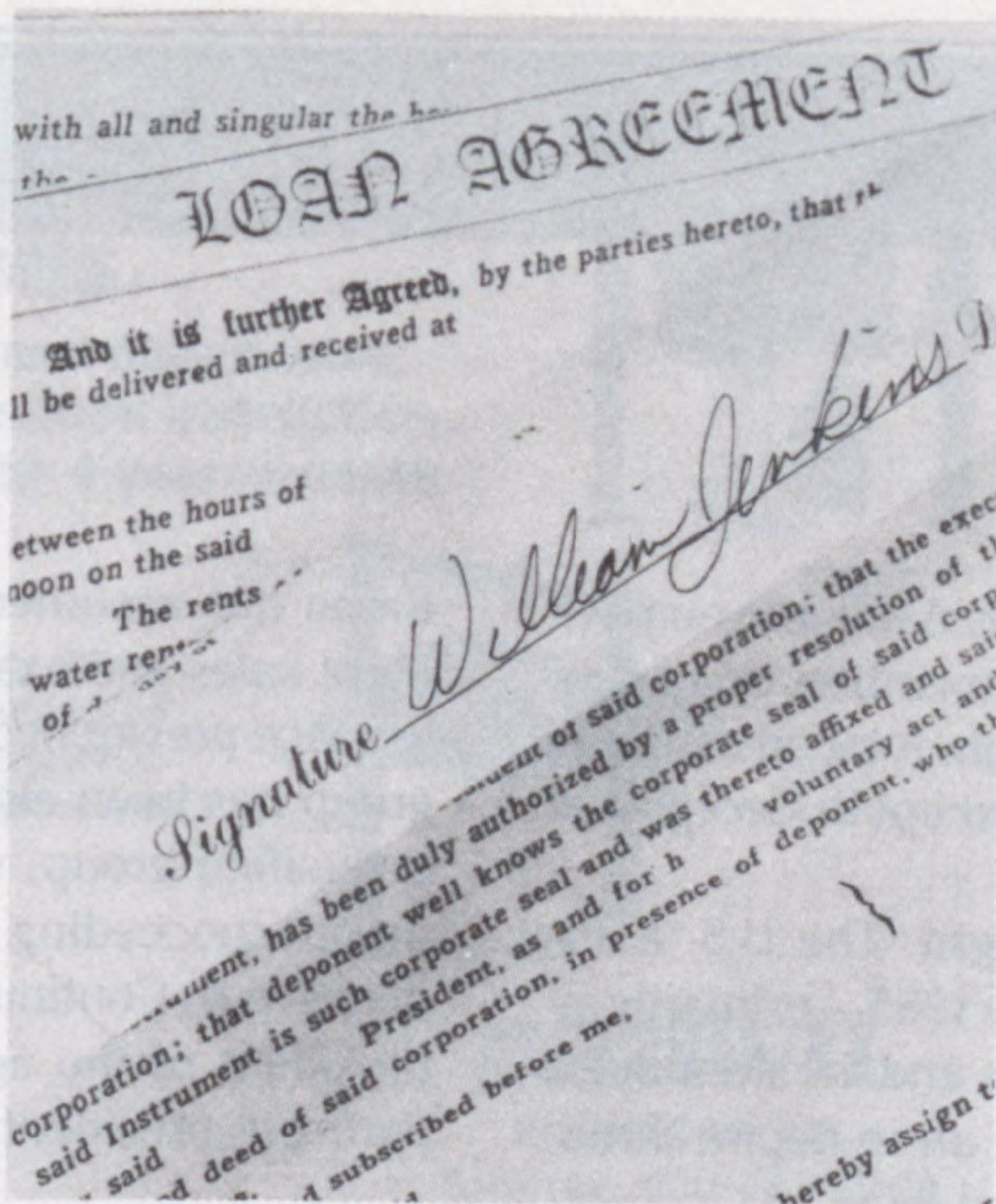
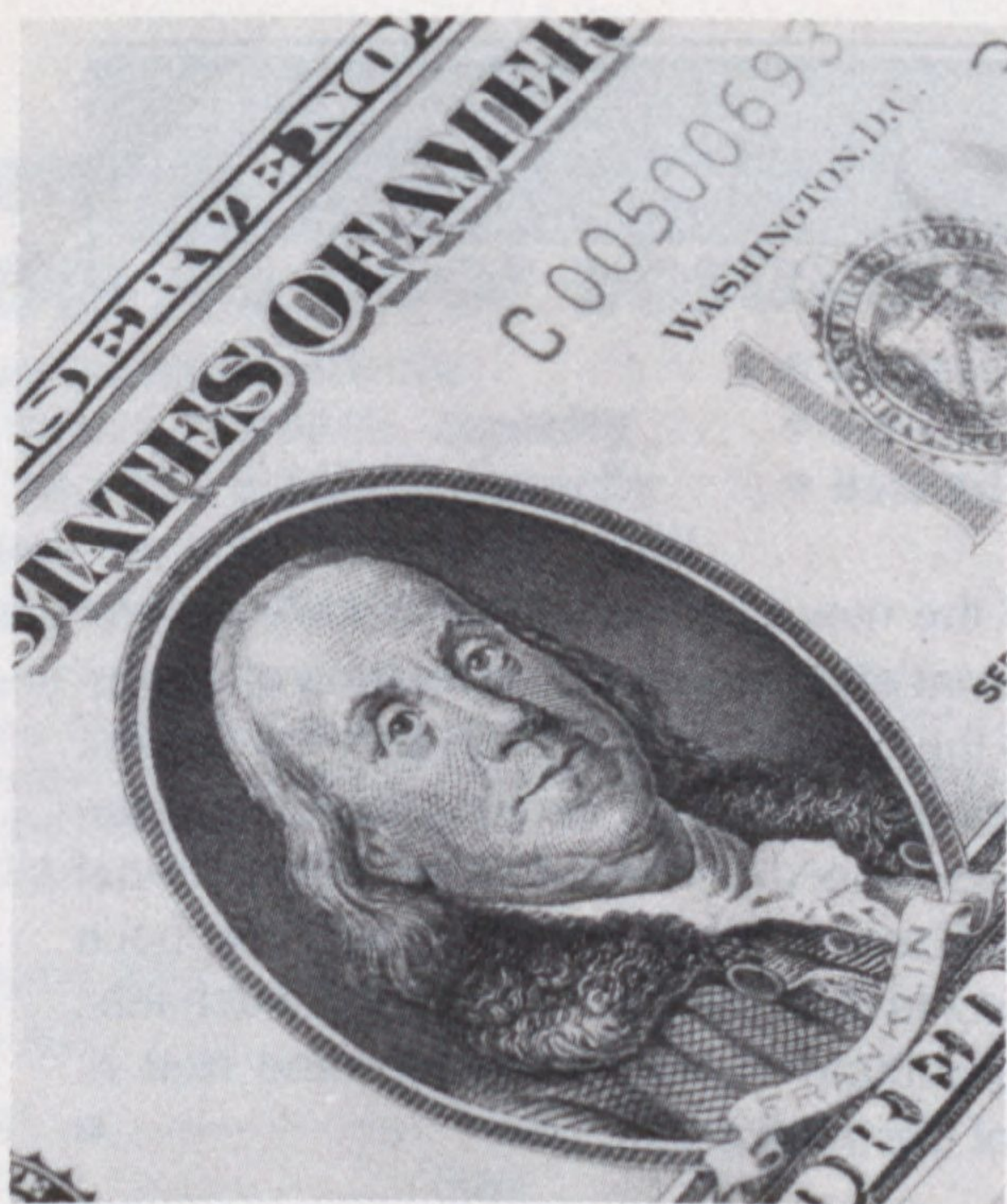
Ter Haar-Venhuizen Motors in Holland, MI, approaches factory recalls with a positive attitude that generates floor traffic and increases sales. The dealership has appointed a manager who is responsible for the recall program. He uses direct mail, registered mail, the telephone and even customer visits to inform them of these campaign items. The promotion of good customer relations has been invaluable. ■

Senior Citizen Market

Kevin Dugan of Dugan Buick-Pontiac Inc. in New Bedford, MA, has expanded the idea of the 10-percent senior citizen service discount. He arranged with owners of local retirement complexes to distribute flyers under apartment doors. This has opened up a new market of service-conscious senior citizens who in turn appreciate the discount and excellent service provided. ■

Improving Cash Flow

Elaine Wiles of Koehn Motors in Danville, IL, has improved her dealership's cash flow by initiating the following plan: The office manager set up a file, numbered by days of the month, for accounts payable. When statements are received, payable checks are written and placed in the file for mailing on the day before they are due. This method eliminates the standard practice of mailing all checks on the same day of the month, which creates a drain on the bank account. An added bonus: Invoices and statements were reconciled earlier and more effectively. □



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(For more information circle #29)

Executive Notes

Convention information number. A toll-free number has been set up to keep all NADA members up-to-date on the latest convention information. A taped message can be heard by dialing 1-800-241-0336 (except in Georgia). ■

Study reports auto sales outlook bright. The U.S. automobile market is poised for full recovery by 1985—primarily as a result of an easing of auto finance terms and the continued expansion of the economy, according to an in-depth, three-year industry outlook released by Chemical Bank.

The report also sees a shift in consumer preferences toward full-size and intermediate cars as fuel supplies remain plentiful, leading to a slower growth in sales of the smaller import cars. ■

October is National Car Care Month. This month has been established as National Car Care Month. The purpose of this designation is to make motorists more car-care conscious than ever before by promoting proper vehicle maintenance in the interests of improving air quality and highway safety, conserving energy and generally reducing vehicle operating costs.

A National Car Care Month advertising/promotion kit is available through the Car Care Council to anyone in the automotive service and parts business. The kit includes advertising reproduction proofs, radio commercials, a press release and a wall poster. The complete kit is \$10 from Car Care Council, Dept. K, 600 Renaissance Center, Detroit, MI 48243. ■

Safety management program. Hundreds of auto repair shops, body shops and truck fleet maintenance organizations are participating in a safety management program launched recently by Du Pont's Refinish Products Division. Since the program was announced in March, Du Pont has distributed more than 35,000 copies of a poster listing eight principles of safety management. The list was adapted from a Du Pont program that has produced extraordinary safety results.

The "Managing Safety" poster is available free from Du Pont. Write "Managing Safety," Du Pont Co., Room X-39960, Wilmington, DE 19898. ■

Personnel reorganization at IH. International Harvester Co., which reported a wider-than-expected fiscal third quarter operating loss of \$101 million (bringing its 9-month loss from continuing operations to \$449.6 million), has reorganized its top management. Jack D. Rutherford, formerly president of Harvester's international and components group, has been named president and chief operating officer. This puts him in line to succeed Donald D. Lennox as Harvester's chief executive officer. Lennox, who retains his title of chief executive officer, was named chairman, succeeding Louis W. Menk, who is retiring but will continue as a director.

In other management changes, James C. Cotting, formerly executive vice president, finance and planning, was named vice chairman, chief financial officer and a director. J. Patrick

Kaine has assumed the new post of vice chairman, government sales and external affairs; his former position of executive vice president of the company's truck and farm equipment group has been eliminated. David G. Sadler, president of the diversified group, was named president of the international group, succeeding Rutherford (the diversified group has been dissolved). Continuing in their positions are Jack D. Michaels, president of the agricultural equipment group, and Neil A. Springer, president of the truck group. ■

ASE sponsors awards. The National Institute for Automotive Service Excellence (ASE) is currently accepting entries in the 1983 Dealer Advertising Awards Contest. The competition honors the most effective advertising featuring ASE-certified automotive technicians in the consumer media.

Awards will be made for the best television, radio and newspaper ads in the categories of new-car dealers, independent garage owner/operators, service station operators, mass merchandisers and tire dealers.

Selection of winners will be made in January 1984; all entries must be postmarked no later than December 1, 1983. For more information write ASE, 1825 K St., NW, Washington, DC 20006-1249; (202) 833-9646. ■

U.S. leader in compact truck market. According to General Motors, the U.S. has taken the lead over Japan in the compact pickup truck market.

Duncan A. Brodie, general director of truck sales for GMC Truck and Coach Operations, says that U.S.-built trucks made up more than half of the small pickup market in the first half of 1983, a market dominated by imports for more than a decade. Total compact truck sales in the first half of the year were 512,290, of which 301,242, or 58.8 percent, were domestics. ■

Peugeot tries to break fuel-economy records. Peugeot's experimental car, VERA 02—a roomy, 5-passenger family sedan—achieved a record-breaking 91.2 mpg on a 516-mile test run from Detroit to Knoxville. This figure is more than 50 percent better than any other car of its size. Peugeot is currently working on a new prototype, the VERA PLUS, that it feels will be able to break the 100 mpg mark. ■

Gas prices will remain stable through 1984. According to the *Runzheimer Reports on Transportation* newsletter, world petroleum prices appear stable through 1984 and beyond. Contributing to steady prices will be increased supply and lessening world demand. ■

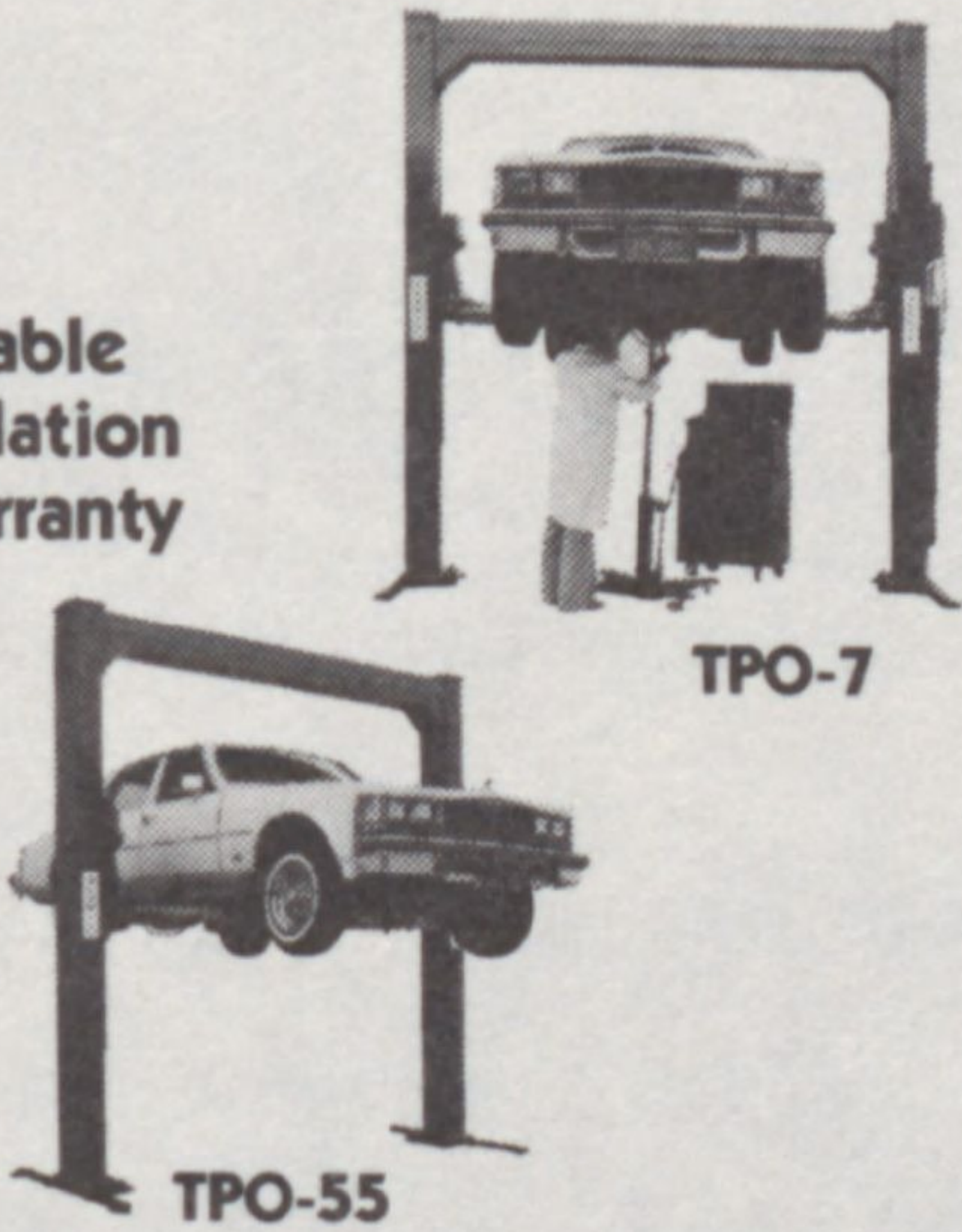
Correction. The December 13-14 NADA Service Seminar will be held in *Los Angeles*, not in San Francisco as printed in the August Executive Notes. (Other service seminar dates include October 13-14 in Chicago and November 16-17 in Philadelphia.) To register or for more information, call NADA Management Education at (703) 821-7227. □

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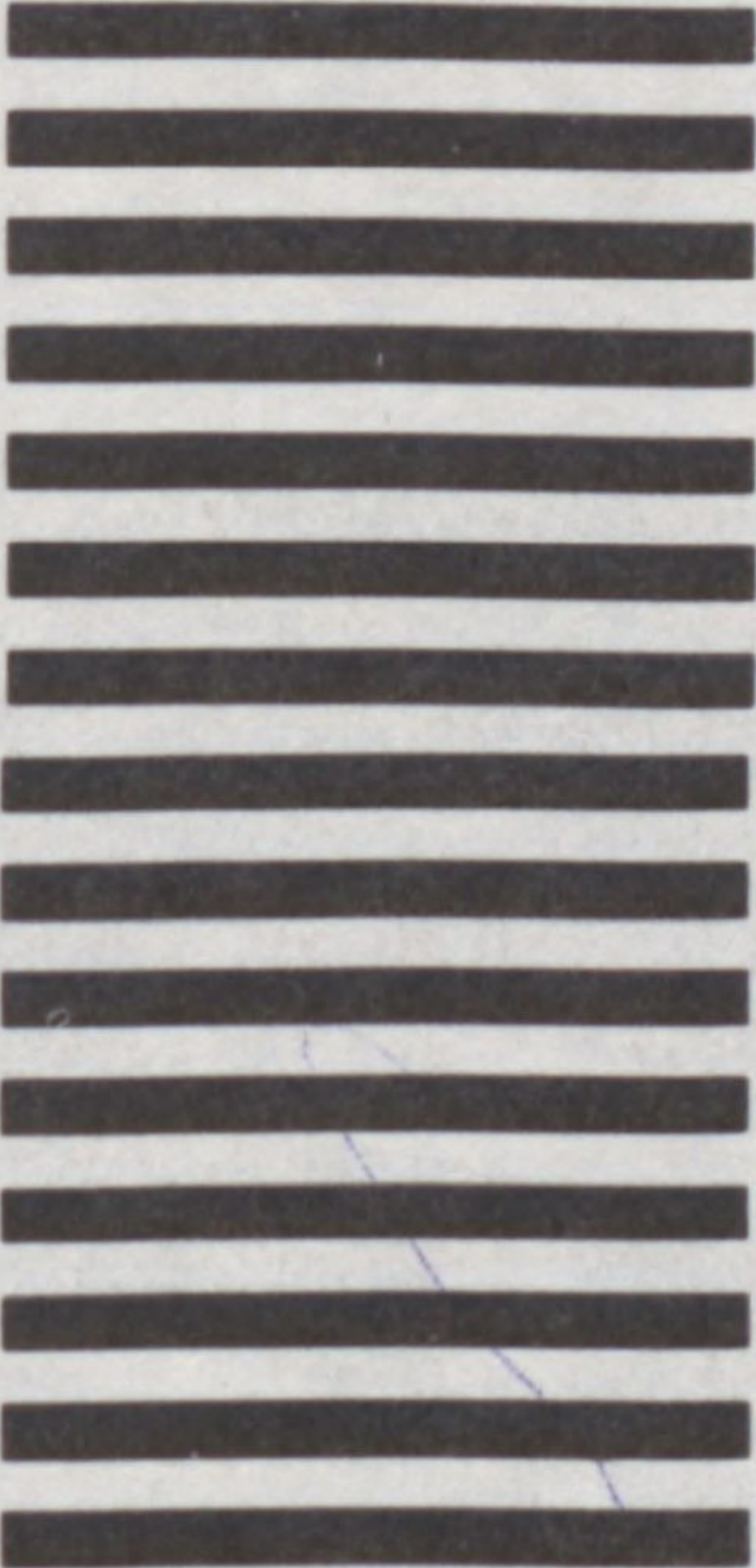


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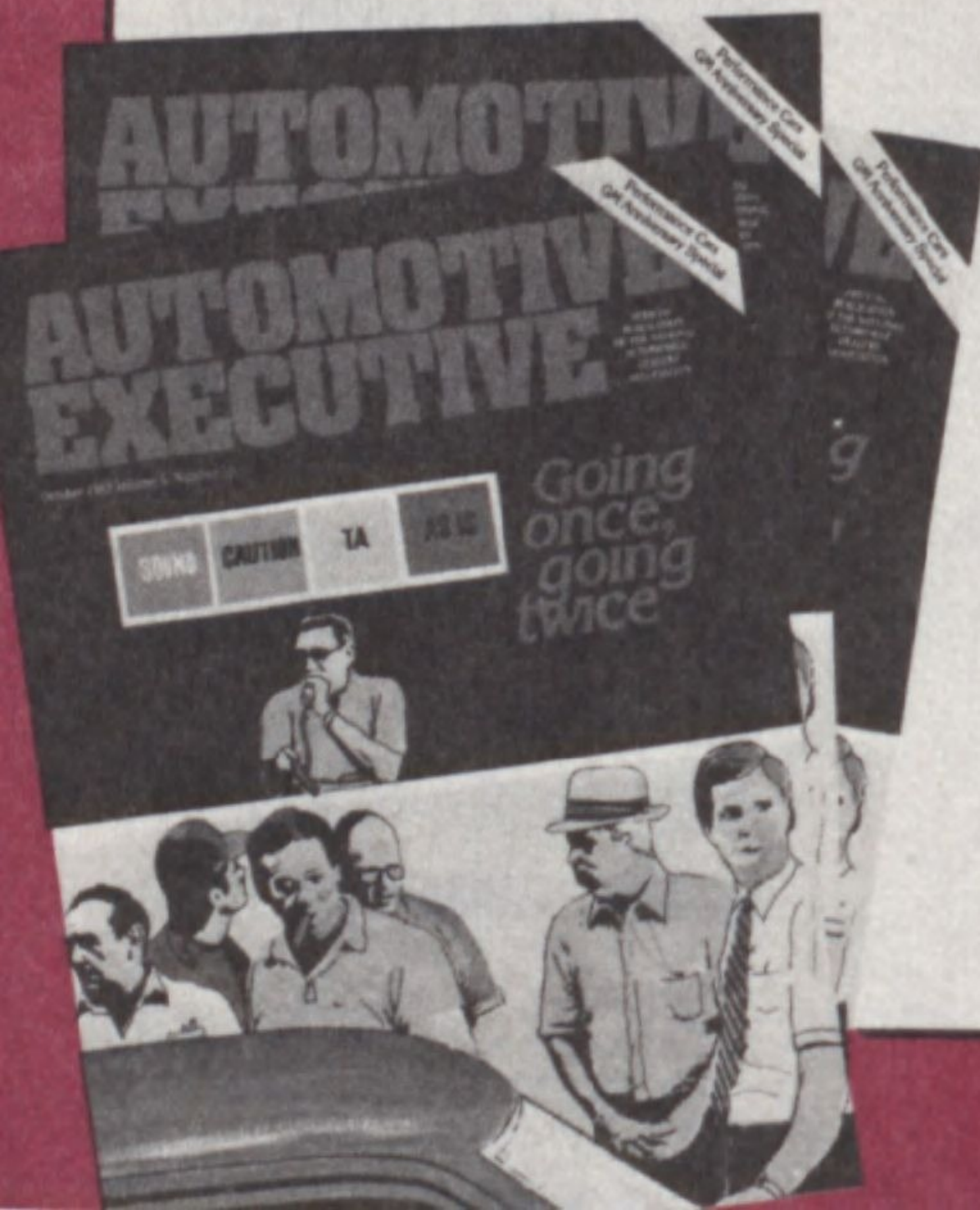
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(For more information circle #25)

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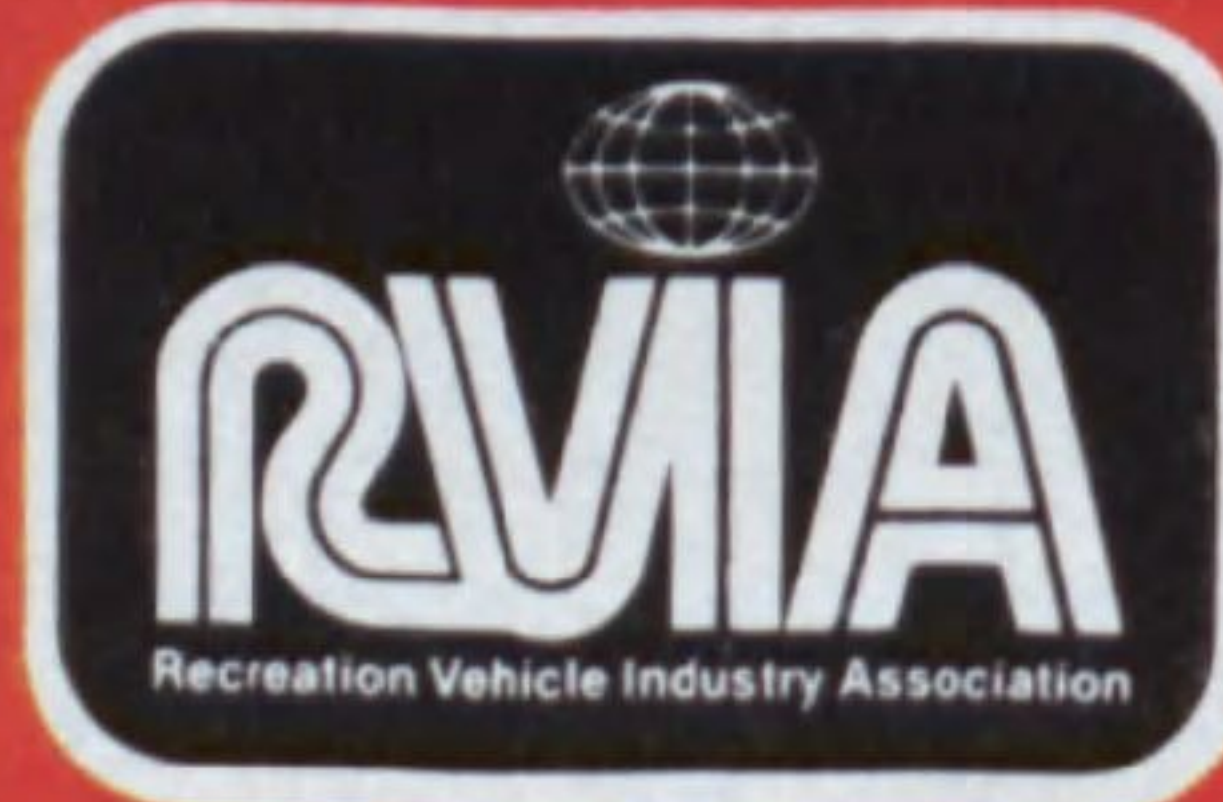
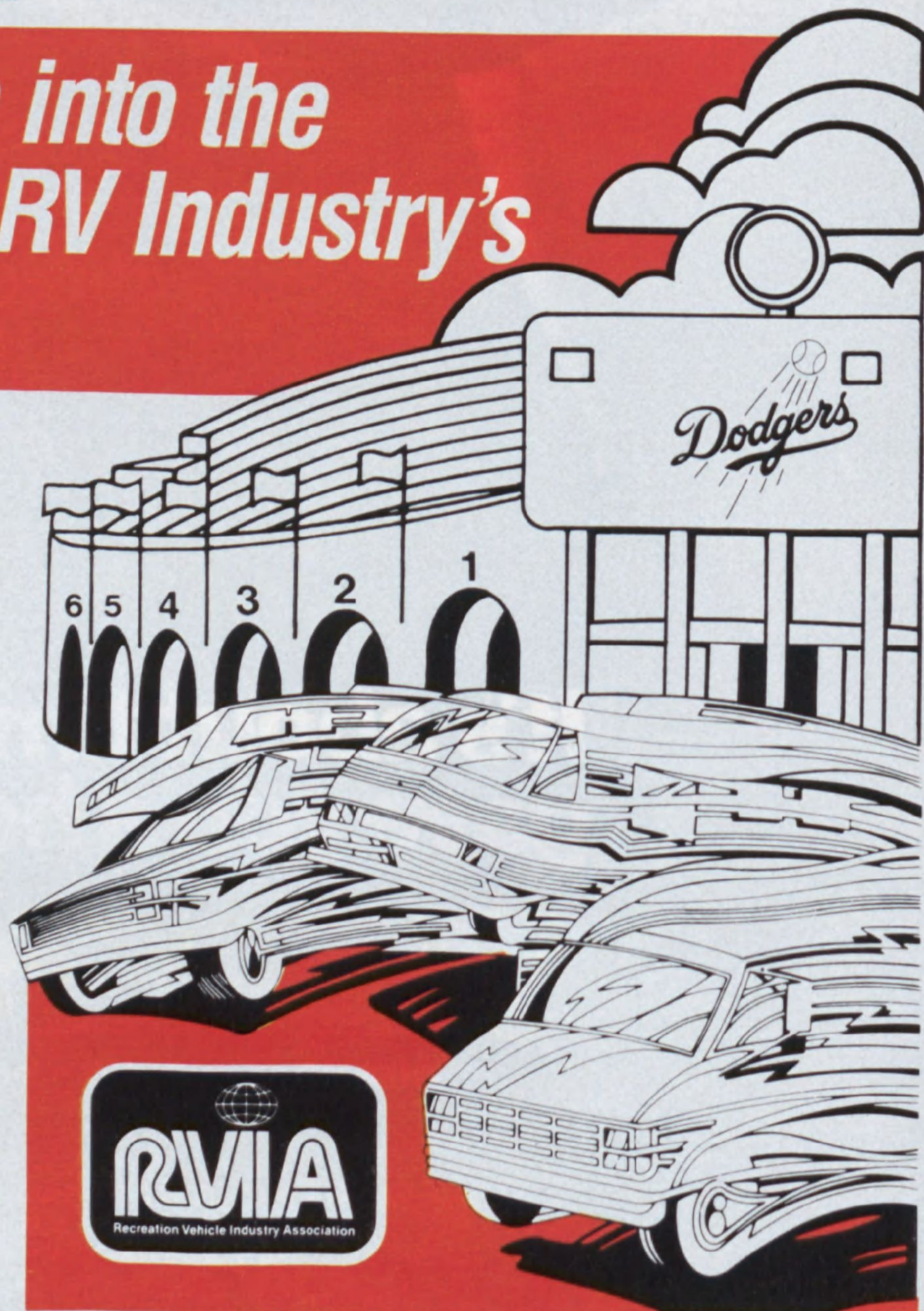
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*(Sorry, dealers and non-exhibiting suppliers not admitted Nov. 1.)



(For more information circle #22)

Prospecting by Phone

You've got your prospect and owner files in front of you, the list of people you've contacted previously or customers who may be ready to trade.

You've also got the telephone directory in front of you.

You've decided to make 20 cold calls from the phone book a day. (When I started in the business I asked the new-car sales manager to give me a corner desk, a phone and the phone book. Soon I was selling more cars from cold calls than all the other salespeople in the dealership combined.)

And you've decided to make 20 phone calls to people in your prospect files, trying to turn leads into hot prospects and customers into repeat buyers.

It all begins when you reach for the phone. Here are some tips that I've found useful ever since the first day I started selling cars.

I can't stress too much the importance of using the phone properly. It's one of the best selling tools; the dial is an open door to sales. However, the phone is full of communication barriers that you need to overcome.

You don't have to be told that it's hard to communicate with a prospect or owner or anybody you can't see. Our expressions, gestures and posture are always aids when it comes to communicating face-to-face. But those of course can't be seen over the phone. And, maybe that's all to the good. Even when talking or listening on the phone we do things we shouldn't—such as opening letters, glancing at the headlines, drinking coffee, daydreaming. But while those habits can't be *seen*, somehow the listener usually gets the idea that you're being distracted by something else and communication suffers. So rule number one, when making or receiving a call, is keep your desk, your eyes, your mind clear. Don't do *anything* except make or receive the call.

Here are five important ground rules to consider when calling prospects and owners:

1. Don't play the "guess who's calling" game. Identify yourself at once. Communication gets off to a fast start when the prospect or owner knows who's calling—and *why*.

2. Come right to the point. State the purpose of your call, quickly and simply. Don't test the listener's patience. Start right off by saying something like, "you've had your car two years now and this is a great time to trade, a time to put you in the driver's seat of one of our new cars just in."

3. Speak clearly and plainly. Facial expressions, shrugs, frowns and smiles can't help you. You're controlled by the phone. Enunciate clearly—sometimes your voice can be muffled or sound miles away simply because the phone is an electronic instrument. If you can't be understood because of some electronic reason, hang up and dial again. A phone installer once gave me a useful tip. He said that if a person holds his lips an inch or two from the phone his voice will carry better. Try it.

4. Speak in a pleasing manner. Communication works best in friendly, pleasant surroundings, even if they can't be seen. You don't need to put a smile on your face, but you can put a smile in your voice. It can't be seen, but believe it or not, it can be heard.

5. Don't forget the listener's name. Remember, to him, it's the greatest sound. So use his name often. Don't just say "our 1984 models are the best yet." Instead, say, "Mr. Parker, wait till you see our 1984s, there is nothing like 'em." Also, when you use a person's name frequently during a conversation it helps you get a clearer picture of him or her in your mind.

Now, let's consider the calls you get. They may come from owners who seek you out before you call them, or from a prospect who has been referred to you by a satisfied customer, or it might well be a complaint from a customer who feels he's getting the runaround from someone in the service department. Whatever the nature of the calls you get, here are five important ground rules I've always obeyed:

1. Pay attention. Hear the caller out in the same way you'd want him to hear you out. Pay special attention to the purpose of the call and make sure you understand it.

2. Tell him what he wants to know. Most likely he's asking for information about a new car, service, warranty, operating hours, you name it. Give him the information he's looking for. A week of such calls will give you a pretty good idea of what callers usually want to know, so keep general information close at hand.

3. Return calls promptly. If you don't have the information at hand, tell the caller so and that you'll call back. Be sure to keep that promise. Follow-through on the phone is just as important, if not more so, than any other kind of follow-through. Your caller will remember you as a person of your word and that can only help you.

4. Follow the golden rule. Treat the caller as you would wish to be treated. Be courteous, attentive, understanding and patient.

5. Keep your cool. Some calls may be complaints and some callers may be hostile. Let the caller "get it off his chest." As soon as he does get rid of a gripe, 10-to-one he'll feel better and communication can get back on track. Avoid interrupting and stay calm.

In addition to these ground rules, remember never to be the first to hang up whether you're making or receiving the call. Letting the other person terminate the call will make him feel better.

Following these simple rules put me on the road to sales success; it can do the same for you. □

This column is prepared exclusively for **Automotive Executive** by Joe Girard, named the World's Greatest Salesman 12 times by the Guinness Book of World Records. All questions or comments pertaining to this column should be mailed to: **Selling Yourself, Automotive Executive**, 8400 Westpark Drive, McLean, VA 22102-3593.



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A Profit Center

This month I am going to write about the used-car department as a profit center. One would be hard pressed to otherwise justify a retail used-car operation.

I do not know the prevailing ratio of new cars to used cars insofar as the new-car dealer is concerned. Two dealers I met with recently sell about 150 new cars per month and may sell as many as 50 used (retail). I would think the ratio could be improved, and one dealer agreed that he would like to sell about 70 used cars per month; that would work out to a 2 to 1 ratio.

These were metropolitan dealers functioning in a highly competitive market. One dealer is exposed not only to other new- and used-car dealers, but his used-car lot is within a stone's throw of a Hertz retail operation. Both shared another common experience: they could not serve a segment of the market, as each had somewhat abdicated the under-\$3,000 car market. When pressed as to why they felt they could not sell cars in this price range, they were vague, saying only, "People expect more from new-car dealers than from used-car dealers." The implication that cars in this price range left something to be desired was not missed.

My ignorance of automotive retailing was never more evident than when I suggested marketing cars of this type at a transportation lot, possibly under a name other than the dealer's. I was not suggesting an entry into the iron business, but there must be cars with remaining utility in the under-\$3,000 category. I suppose my idea resulted from watching the "as is" lane at a local auction—some of the motor vehicles which pass before that block defy description. Yet, we must assume those not purchased by a dismantler are being bought by an independent dealer for subsequent resale to someone—at a profit. (While on this topic of the retailing of the "cheaper" used cars, I wonder: Do any of our readers have experience in this area that they would be willing to share? This page could be made available to a dealer who has profited from the sale of older cars and who is willing to explain how the business was obtained.)

Whenever I meet with dealers to discuss how they run their used-car lot, I ask who determines whether an offered trade is accepted and at what price. Who makes the ultimate decision about the purchase of the used car? There is that endless conflict between those who want very much to make the new car sale and those who may be charged with disposing of that trade, at a profit. And it is entirely natural that a reliable used-car manager wants the department to "look good" when the balance sheets are examined. I would think that only the dealer is sufficiently objective to look at the ultimate bottom line as opposed to the "profit centers" leading to it. The two dealers I met with paid their managers on the aggregate earnings base rather than departmental earnings, presumably directing each

toward a common objective. I say presumably since ego is often difficult to submerge into the "team" effort.

The auction I attend most frequently enjoys what I consider a high degree of new-car dealer participation. Even more evident is the extent to which the principals attend the auction. It is possible this auction has a bit of an edge in this regard since two of its owners are new-car dealers. On second thought, that may have been instrumental in getting the dealers there in the first instance, but I would guess there are more logical reasons for keeping them coming—profit potential. I am certain I am being redundant when I urge new-car dealers to attend any convenient auctions or any auction which may have some influence on your immediate market. I mention the latter because of the distances involved in many of the western states. I would think the auctions in a city such as Denver would have a longer arm than, for example, an auction located in York, PA. But, York may have an influence on a "bigger" market.

I would be among the first to agree that price determination from attendance at an auction is not as easy as it seems. First, one person could not possibly check more than one lane and, who can say which cars go to arbitration and what happens there? But an observant dealer can determine what is being bought, and by whom.

I doubt anyone will disagree with the conclusion that the used-car business has been "good;" the one common complaint is the "shortage of clean cars." I suspect dealer profits on used cars have been strong, as some of the numbers I have heard have been interesting. The merchandising of used cars does offer a greater opportunity for return on investment than does the delivering of new cars. Of course, profit opportunities encourage competition and the possibility of a quick profit is even more intriguing. Frankly, I had not thought of the "quick turnover" until the two dealers I mentioned earlier both told me they could, and have, bought cars at the auction on Tuesday, arranged delivery to their lots that same day and, often, sold the cars retail the very next day. The transactions were often completed before their checks cleared.

An aggressive dealer can't wait for a supply of used cars to drive onto the lot; he has to go into the market and buy them. You cannot sell what you do not have. The late Denny Kuhn argued over and over again, you cannot permit the new-car buyer to determine your used-car inventory—you must stock what is being bought in your market. □

This column is prepared exclusively for **Automotive Executive** by James "Harry" Lawrence, editor of the NADA Official Used Car Guide. All comments or questions pertaining to this column should be mailed to: **Used Cars, Automotive Executive, 8400 Westpark Drive, McLean, Virginia 22102-3593.**

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Going once, going twice

"It's bargain time, gentlemen! This last baby's a 1979 Chrysler Cordoba, 56,000 miles young! Got all your favorite toys—tilt wheel, power cradles, air galore and a window on the ceiling! Do I hear \$2,500? Twenty-five's the bid and who'll add a quarter?" Buyers circle the car like hawks, all looking to snare a prize catch. "We've got \$2,975 and how about three zeros? Who's gonna take it to \$3,000?" A finger wiggles. "Need three-twenty-five to stay alive, \$3,025!" The crowd buzzes around the Cordoba, but nobody raises the bid. "Last call for \$3,025!" the auctioneer shouts into the mike. "Going once, twice, sold! You just bought yourself a car, sir!" and the auctioneer slams a short length of rubber hose onto the hard wooden counter in front of him. The sale is over.

by Gary James



"The scene is a nonstop kaleidoscope of motion and noise, as some 250 car dealers jockey for the best buys they can find. By the end of a typical sale day, 350 to 400 cars will have changed hands—about \$1 million worth of business."

The pace at the Baltimore/Washington Auto Exchange, like most car auctions, borders on frenzy. Every Tuesday, 550 to 650 used cars go on the block. The auction opens at 11:30 a.m., and by 4 in the afternoon, the day's offerings have been paraded through the lanes, and either bought or rejected. The scene is a nonstop kaleidoscope of motion and noise, as some 250 car dealers jockey for the best buys they can find. By the end of a typical sale day, 350 to 400 cars will have changed hands—about \$1 million worth of business.

Located between Baltimore and Washington, DC, the B/W Auto Exchange is one of the fastest-growing auto auctions in the country. In less than four years, it has increased volume from 200 to 600 cars. Percentage sold is a steady 65 percent. This year, the auction will move about 28,000 cars through its lanes, selling more than 17,000.

Unlike other auctions, which tend to be either family-owned operations or arms of a large conglomerate, such as Manheim, the B/W Auto Auction is co-owned by seven equal investors. Two are local new-car dealers: Bob Bell of Bob Bell Ford in Glen Burnie, MD, and Norris Cook of Norris Ford in Dundalk, MD. Norris Ford's general manager, Dave Sides, is a co-owner, and so are three local developers, Denny Webster, Ellis Goodman and Dale Hess. The seventh co-owner, Dale Hess's son, Phil, 25, is the only one who takes an active role in the day-to-day auction management. But that's only natural: it was his idea.

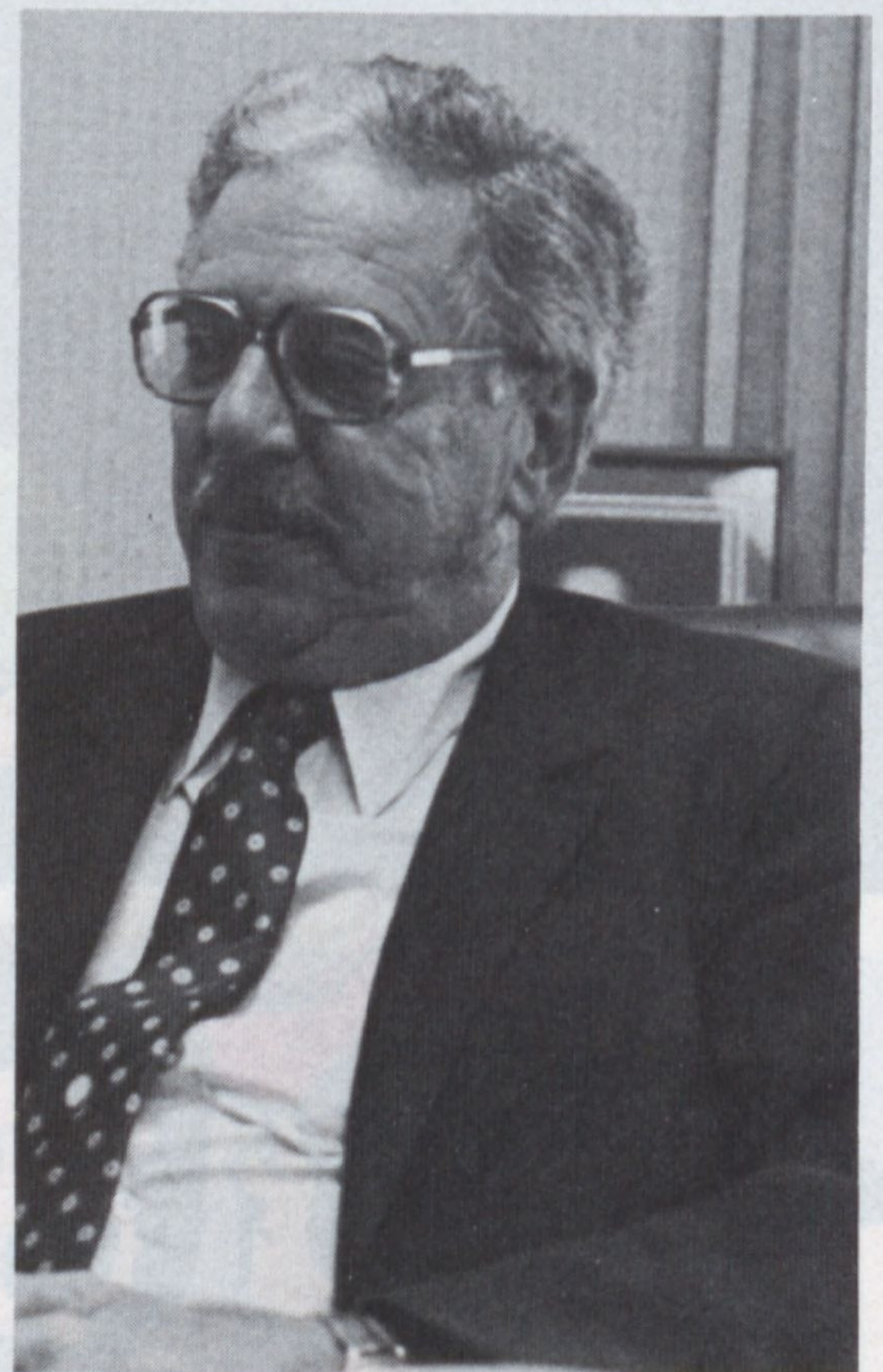
"I was wholesaling a few cars in the area, and saw a real market for an auction here," Hess says. "There are others nearby (Pennsylvania and Virginia) but nothing served this area directly. And this is one of the hottest corridors in the U.S., with about 700 new- and used-car dealers within an hour's drive. So with the help of my father, we brought together a group of investors, and gave it our best shot."

Hess scouted the area and found an ideal site, 25 acres located 10 minutes from the Baltimore airport, and partner Denny Webster built the facility—an attractive cluster of offices connected to four sparkling new auction lanes. To manage the business, the group hired Lou Fazio and Bill Kuhn, two industry veterans. Fazio had been with the Manheim auction group for 17 years, many of them as manager of its Butler, PA, facility. Kuhn worked for a Manheim auction in Southern California.

Despite this preparation, business did not start out with a bang. The biggest problem was getting buyers and sellers together on the same day. One week, the lanes would be full of sellers trying to unload their inventory to a handful of potential buyers; the next week, it would be the opposite.

"We picked the worst time to start," says co-owner Bob Bell. "Gas prices were skyrocketing, the new-car market was dying and interest rates were going through the roof. Our only saving grace was that new-car dealers were being forced to discover their used-car departments because of the recession. And that meant they needed us."

To get the word out, B/W Auto Ex-



Bernie Sisco, president of the B/W Auto Exchange.

change conducted regular direct mail campaigns. Promotions were—and still are—commonplace. The first couple of months, the firm offered free registration. Later, it waived the registration fee for red cars on certain days and blue on others. Free TVs and cash prizes added extra incentive. Steadily, business grew.

"We only lost money the first year," Bell recalls. "And that didn't hurt too badly, since it was expected. We made some mistakes, including starting out with too many full-timers, but now we're solidly in the black."

A major change in B/W's management occurred midway through its second year. After succeeding in the start-up of the auction, Fazio left to rejoin the Butler auction, and Kuhn returned to California. Their replacement: Bernie Sisco, a familiar face on the local scene with 29 years of experience retailing and wholesaling cars.

"Finding Bernie was the best thing that's happened to us," Bell says. "He knows this business inside and out, and can empathize with the problems our customers face because he's been there."

With Sisco at the helm, the B/W Auto Exchange courted—and won—some important fleet business. Among the feathers in its cap are contracts with GELCO, Leaseway and the Maryland state government. Last winter, it added Chrysler to its list of fleet accounts. In all, B/W handles about 200 to 300 lease cars per month.

"Like everybody else, we'd like to get some other factory business," Bell says. "But it takes awhile to build up a reputation for quality."

"Most fleet companies require the auction to be a member of the National Auto Auction Association before they'll do business, and you have to be in operation for a year before you can join that," Bell says. "Also, there are insurance and reconditioning requirements. Now that we meet all these, we're hoping to attract some new customers."

Only franchised new-car dealers are invited to attend a factory-sponsored sale. The event is held about an hour prior to B/W's regular auction. At its last Chrysler sale, B/W moved about 125 cars.

In addition to providing a source for good, clean cars, Sisco says factory sales attract buyers he otherwise might never see. "Chrysler sends out notices to all its local dealers," he says. "Buyers come from as far as New Jersey and

Massachusetts to look at these cars. Many have never been to an auction before. And once they're here for the morning sale, they usually stay for the rest."

Bob Bell says it's surprising to him how many new-car dealers *don't* use the auctions. He shouldn't be too surprised, however. He never used them either until he invested in the B/W Auto Exchange.

"I learned in a hurry that you can't run a top-notch used-car department unless you shop the auctions," he says. "You simply aren't going to have enough good cars coming in as trade-ins to make a go of it. I thought that I had a reasonably successful used-car operation until I saw the potential for the varied and fresh inventory an auction offers."

"It's important for a new-car dealer to go to the auction. I don't care who he is or how much money he's making—he's not making as much as he could if he's not active in the used-car business. I'd hate to think what would have happened to my business during the last few years if we hadn't been strong in used cars."

Like the other principals of B/W, Bell tries to attend every sale day. He and Norris Cook also send representatives from their used-car departments who buy and sell cars for their dealerships. Bell says B/W has a high percentage of new-car dealers among its clientele—about 40 percent—and that many of the dealers personally attend. About 2,400 new and used car dealers in all are registered to do business at B/W—a 20-percent increase over last year. Each week, in fact, the firm receives an average of 10 new applications.

"Even if you don't buy, at least you get a feeling for what's happening in the market and what your own cars are worth," says Cook, who's always been an avid supporter of auctions. "It's a good way to find out what's hot."

"When I worked at a new-car dealership," adds Sisco, "I asked our salesmen what used cars their customers wanted most. Then, at the auction, I kept my eyes peeled for those models. I was the most popular guy in the store whenever the auction truck pulled up with our delivery."

Bell says the experience he, Cook and Sisco have in the industry sets the auction apart from some of its competitors. Both Bell and Cook are successful dealers. Bell retails about 75

A Rolling Used-Car Lot

The used-car lot makes or breaks many new-car dealerships, a hard lesson many dealers learned during the recent recession. Those who survived the hard times intact now are reaping the profits of the economic upturn. They are also those whose used-car lots were well-stocked and ready for the economy-conscious buyers of the late '70s and early '80s.

Keeping a used-car lot properly stocked is difficult if a dealer relies solely on trade-ins, so many dealers attend auctions ("Going Once, Going Twice") and operate leasing divisions.

Bob Addy, a dealership management consultant for NADA, says, "A leasing arm will 'manufacture' a steady supply of quality used cars for the dealer."

Dealers who have "been there" are quick to agree. Maury Wilkins, new-car dealer and president of Hoffman-Green Leasing Inc., Glen Burnie, MD, looks at his fleet as "a rolling used-car lot."

Wilkins cites a number of reasons why a dealer should get into leasing, the biggest being customer retention. "I've found I can 'control' my customers. When a person leases from me, I hear from him or her every month—we always have a line of communication open."

"They have to come back to me at the end of the lease, and when they do, they're in the market for a new car. In fact, we renew about 85 percent of those we lease to; in a normal dealer/customer relationship you're lucky to get 25 to 30 percent."

There are also tax advantages. The dealer gets to claim the increased depreciation on the tax return. And the dealer usually is eligible for investment tax credits too.

Wilkins puts it best, "You get to keep the money you are making."

—Noreen S. Welle

For detailed information on leasing, write or call Robert Addy, NADA, 8400 Westpark Drive, McLean, VA 22102-3591. Phone (703) 821-7220.



On a typical sale day, 600 cars move through B/W's lanes.

Finding Your Way

Did you know that each year more than 3 million vehicles go on the block at the 135 member auctions of the National Auto Auction Association (NAAA)? Or that manufacturers, fleet and leasing companies, banks and other finance organizations are among their customers?

These and other tidbits about the auction business are included in the 1983 edition of the "NAAA Directory," available free from the National Auto Auction Association Inc., 5701 Russell Drive, P.O. Box 29100, Lincoln, NE 68529. The directory contains a complete list of NAAA auctions nationwide.

According to Bernard Hart, executive secretary of NAAA, the auto auction industry is more than 40 years old. The first one, the Rawls Auto Auction in South Carolina, was established in 1938 and is still in operation. Today, there are 135 NAAA-member auctions in 40 states. Hart estimates there are about 100 others that aren't members of the association.

The industry is evolving, however, from a patchwork of small, family-owned auctions to increasing domination by franchises. Manheim Auctions, for example, a subsidiary of Cox Communications, owns 13 auctions nationwide. And Anglo American Auto Auctions, an offshoot of the British Car Auction Group in Farn-

ham, England, has jumped into the market with six auctions, mostly in the Midwest.

Auction companies handle end-of-year model surpluses, the disposal stock of major car-rental companies, leased corporate vehicles and other used vehicles from private and trade sources. The larger auctions conduct several lanes of sales simultaneously, with each lane offering vehicles grouped by model year. For a new-car dealer, says Hart, the auctions provide an outlet for balancing used-car inventory and relieving old units that just won't move. They also provide an education, he says. "The only way to be certain you are receiving the best possible price for your used cars is by participating in an established auction."

Hart recommends dealing only with NAAA-member auctions because of their reputation for quality and integrity. To become an NAAA member, an auction must have been in operation for one year under the same owner, must demonstrate financial stability and must be approved by other member auctions in the vicinity.

"Our standards are high, but so is our performance," Hart says. "NAAA members establish the market for used cars that others follow."

—Gary James

"Even if you don't buy, at least you get a feeling for what's happening in the market and what your cars are worth. It's a good way to find out what's hot."

used and 140 new cars and trucks each month, and Cook does about the same. That track record, Bell says, has convinced several skeptical colleagues to jump into used cars—and the auction—whole hog.

At first glance, an auction can be intimidating. Everything is a blur of movement: auctioneers motion from the stand that another car is on the block; dealers weave in and out, poking heads and hands into hoods, as they nudge the bidding higher; car jockeys scoot cars in and out. Every 45 seconds, another car moves through one of the four lanes.

The speed of the auction means that some dealers take chances on cars they haven't really checked out, cars that others try to pass off as "clean." It's all a part of the game. Unless the car is sold "as is," dealers have one hour to inspect and drive their purchase before the sale is final.

Disputes are handled by the auction's arbitrator, Val Knight. Knight, a used-car dealer from Fredericksburg, VA, and his staff of two mechanics, decide whether the car has a defect, and then it's up to the two parties—buyer and seller—to work out a deal. If the defect would cost more than \$150 to repair, the buyer has the right to reject the sale.

On a typical sale day, Knight handles about 50 disputes. He says about 40 are regular visitors to his office. "Some people always check their cars before the auction; others never seem to do their homework. In most cases, though, the buyer and seller are able to strike an agreement, after an adjustment of \$100 or so."



Left: Co-owners Phil Hess, Dave Sides, Norris Cook, Dale Hess and Bob Bell (not pictured—Denny Webster and Ellis Goodman). Below left: Dealers give a car the once-over.



Bernie Sisco, president of the B/W Auto Exchange, also keeps his office door open. "The arbitrator has the last word, but I do what I can to solve any other problems."

On the sensitive subject of odometer tampering, Sisco says dealers have to help police their own ranks. "We're not in a position to question the integrity of our customers," he says. "We would no more ask a customer whether he rolled back an odometer than we would ask him where he got the money to make a purchase. Dealers have to keep their own eyes open."

The B/W Auto Exchange does, however, guarantee titles and checks (except model years for reconstructed vehicles, motorcycles, boats and import cars, which are nearly impossible to verify). When a dealer sells a car at B/W, the auction (not the buyer) writes him a check. This protects the seller in case of a default.

To keep on top of payments and receipts, B/W installed an IBM System 34 computer in December. The firm developed a software package (which it plans to merchandise to other auctions) that tracks serial numbers, credit limits, accounts payable and more. What used to take hours with pen and typewriter can now be done in minutes on a computer terminal. "If you've ever seen the lines that form outside the clerk's windows at an auction's closing time, you know what that can do to customer satisfaction," Sisco says.

B/W also uses its computer to maintain lists for its large fleet customers. "Within an hour of a sale," Sisco says, "our Chrysler representative has a com-

puter print-out of which cars sold, their year, mileage and equipment, and what price they brought."

Bernie Sisco has a core staff of six who run the office and keep B/W moving from sale day to sale day. Maryfran Kinsey is in charge of the office. Robin Harrison handles everything from inventory storage to roof leaks. And Phil Hess, one of the original partners, helps Sisco build the firm's clientele. "We're going after every local dealer—big and small," Hess says. "The dealer who comes and buys one or two cars is just as important to us as the guy who buys 10."

On sale day, B/W's staff expands like a balloon. On any given Tuesday, 70 people work the auction, mostly drivers and clerks. Each lane has five drivers, plus a lane leader. All day long, they move cars. In the booths up above the lanes are the auctioneers, usually six, so no one loses his voice. Actually, so no one loses his or her voice. B/W has one of the few female auctioneers in the country in Sandy Izer.

Currently, B/W reconditions used cars for its fleet customers in the lanes. It subcontracts the work to six reconditioners, who can do just about everything except body work. B/W recently purchased an additional 15 acres, and before the year is out, plans to build a reconditioning center, with lifts, body shop and a car wash, on the premises. At the same time, it will add one more lane to the auction.

"We were green when we started this business," says Bob Bell, "but now we see the potential. There will always be a market for good, clean used cars, and we intend to supply it. Within a very short time, we plan to show 1,000 cars a week. Who knows where we'll go from there?" □

Gary James is senior editor of *Automotive Executive* magazine.

"At first glance, an auction can be intimidating. Everything is a blur of movement: auctioneers motion from the stand that another car is on the block; dealers weave in and out, poking heads and hands into hoods, as they nudge the bidding higher; car jockeys scoot cars in and out. Every 45 seconds, another car moves through one of the four lanes."

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Retained value has always been a strong suit of AC Cruise Control. It helps sell the car and adds profit at the time of sale. It also adds value at the time of resale for the customer (according to current used car guides). It can help make that trade-in a more attractive and quicker-moving used car, too.

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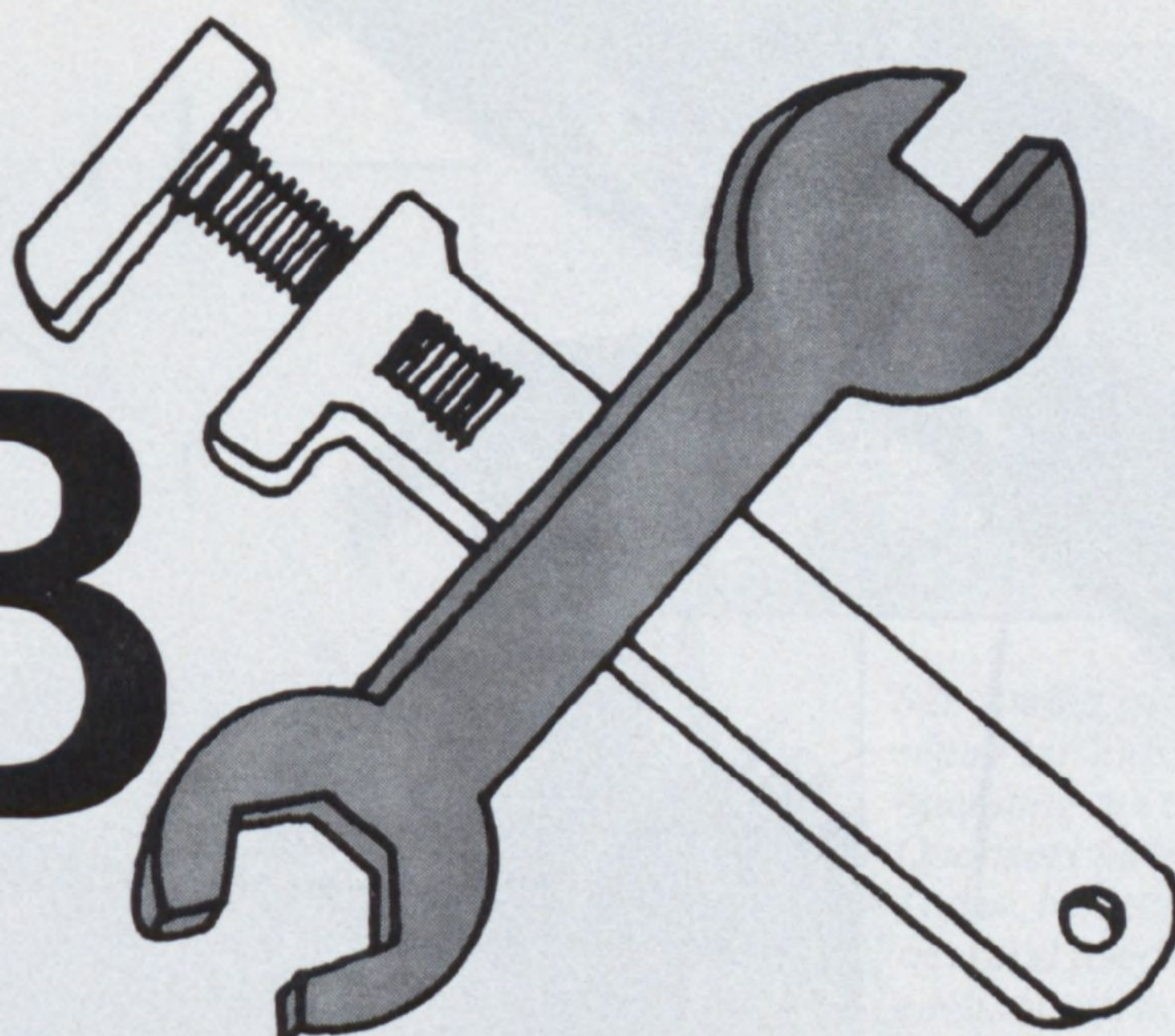
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SAB



STORY

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by Ben Pope

Louie Sab opened a foreign car repair business in 1966 with tools he'd been collecting since he was a teenager, and a used jack and battery charger he made payments on each week. He started in a Quonset hut behind the Amoco station on Main Street in Portland, CT.

As soon as he got his first clunker running right, he became a used-car dealer. A few months later he was a new-car dealer. And within the year he had a new building a few blocks down Main Street "with three service stalls, a showroom and paving out front."

By 1970, Louie was asked to take on a higher-volume line, and by Christmas 1973 he had to move to a new, larger store across the street. Today he sells about a hundred new and used a month, and last summer, he and his wife and two of his six children went down to Virginia to pick up a 40-foot motor yacht to take back to Connecticut. He thinks he probably needs a 55-footer.

Louis J. Soboleski (for that is actually his name) is right out of the pages of Horatio Alger. He is the grandson of an

illiterate Lithuanian immigrant who couldn't spell the family name for officials at Riker's Island, and settled for "Sab." His father was a construction equipment repairman who tried to get townspeople to call him "Soboleski" without much success.

The old-timers in town still remember Joe Sab, the cutter in the Portland quarries which supplied the brownstone for the Brooklyn Bridge and for some of today's most fashionable New York townhouses. So to most people around town the fellow who owns Route 66 Datsun is still Louie Sab.

And Louie hasn't forgotten his beginnings either.

"From the way I came up, I feel everything has to be attended to today before I get gobbled up from behind," he says. "I don't feel like I've arrived, although I never dreamed I'd be where I am. It's still a struggle. Just a new set of problems."

"Everyday I learn, and, as I begin to understand more things around here, I find they are not working as well as they should."

No one reads Horatio Alger any more, probably because his books are so corny by today's standards and we are such a skeptical society. Alger told us how to succeed in business with a lot of pluck and a little bit of luck.

Lou Soboleski's story is corny (He says he has "a master's degree from the

School of Hard Knocks" of all things!) but perhaps we need a little corn in these times.

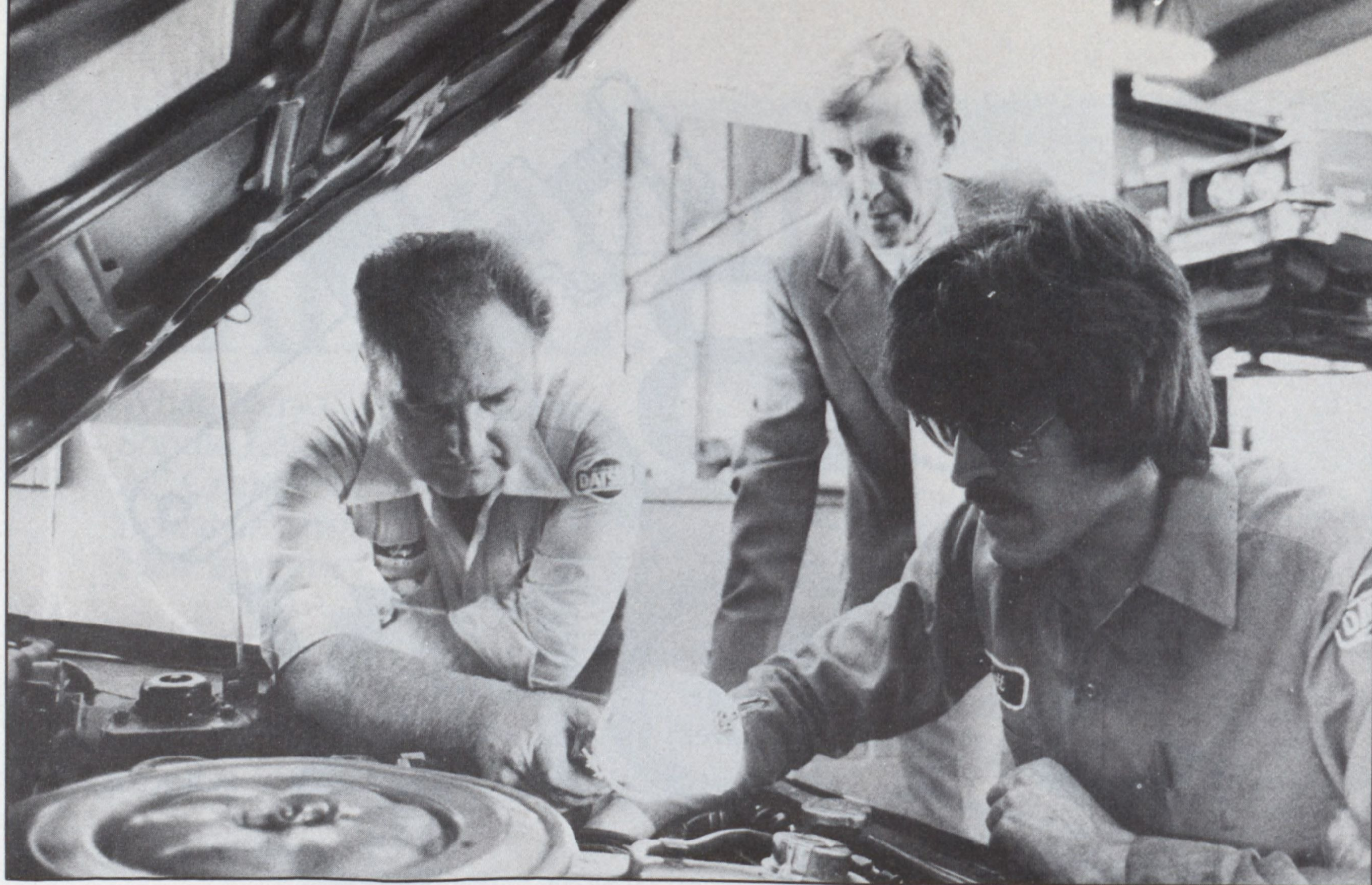
So, dear reader, here's how, back in the '60s, a just-turned-19-year-old with an 18-year-old bride became an auto dealer from the back shop. And, if you read well, you may find some tips on how you can become the captain of a 40-foot motor yacht.

Even back in 1960, pumping gas wouldn't support a wife the way Louie wanted to, so he went to work as a tire retreader. He was shop foreman before he was of legal age. Then, for awhile, he worked in a body shop specializing in rebuilding wrecked VWs. Then he got his first big break. The tire shop owner decided to become a Saab dealer and needed a service manager. He remembered old Joe Sab's grandson who seemed to have a special feeling for cars. He sent Louie for his first formal auto training at Saab headquarters in New Haven—30 miles away.

Things seemed to be moving for Louie. His father had loaned him \$500 for the down payment on a house, and by 1966 he was the father of three children.

As in all Alger tales, there have to be setbacks. The benevolent boss decided to retire to Florida and close the business. What was young Louie to do? Three kids and a mortgage...and a reputation as someone who could certainly

Ben Pope is a frequent contributor to Automotive Executive magazine. His most recent stories include "NADART: The New Improved Model" (August) and "John Haggin Cooper: A Big Fish in Any Pond" (May).



fix those funny little foreign cars when no one else wanted to bother with them.

With a net worth of \$1,200 in equity in his home and his box of tools, Louie rented the Quonset hut for \$100 a month and picked up the jack and battery charger on credit. (He kept \$600 of his capital in the bank, just in case.) As an early indication of his concern for customer satisfaction, his first capital investment was a vacuum cleaner so he could return cars clean as well as repaired.

Customers began to trickle in for repairs, and Louie bought cars everyone had given up on and made them work again. But he knew he needed an ongoing base, so he contacted some people he knew at Saab. They didn't want an "authorized service" location, but how about becoming a new-car dealer?

It was a good thing Saab headquarters was so close. Louie and his wife, Sara, got in the family car and went to New Haven to pick up their one-car floor plan for \$1,195.

There was no sales force, only Louie. Potential customers would find him under a car working on a transmission. "Sure, we sell Saabs. I think the one out there is green. Want it?"

With Sara running around for parts in a car full of kids and bringing the playpen to the shop so she could answer the phone, the business moved

along. After paying the bills, any "extra" money went back in the business and soon a customer had a choice of a green car or a blue one.

Louie began to realize there might be money in this car dealer business, and when a retired Army officer with lots of friends volunteered to work part-time, Sab Auto Sales and Service (why fight it?) had its first salesman.

But now the Quonset hut wasn't big enough, and a will-build-for-suitable-tenant property owner agreed to build a

"You have to stay close to the car and the people who buy it and fix it."

small store for a \$400 monthly lease. A full-time salesman was hired, and Louie began to pay more attention to the front of the store because now he had some help in the backshop.

New cars began to move more briskly from the little store. (Today it is an auto parts outlet and just barely big enough for that.)

One year, the little store won a national award from Saab for selling a hundred units. Not bad for Portland when Saab's national volume was about 14,000. Used cars of all types continued

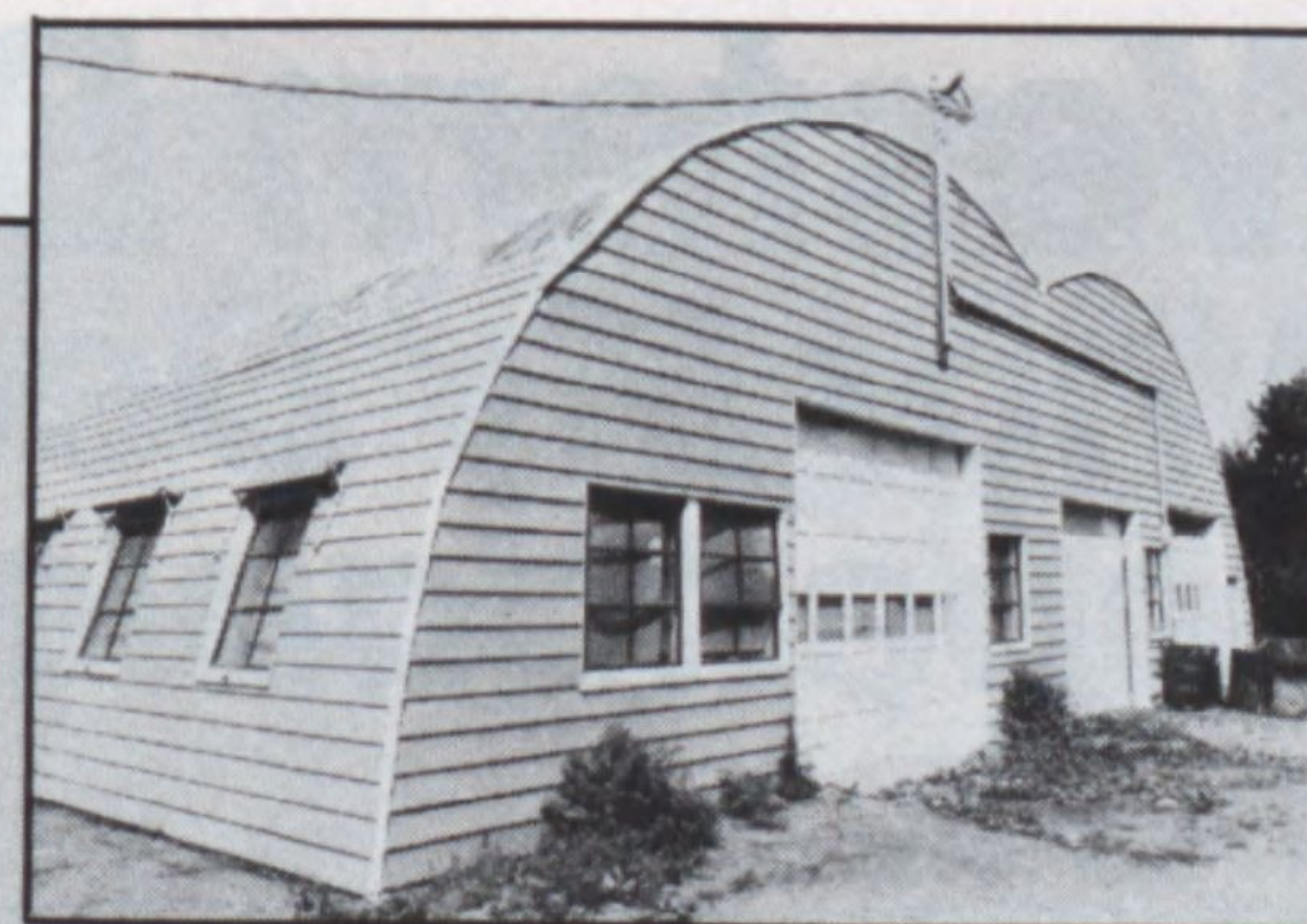
to be the larger part of sales because people in the area knew Louie Sab put more into reconditioning a car than anyone else. (That's still a problem for Louie today. Because of his mechanical background, he says, he fixes things he really doesn't need to and that hurts the profits. But it also brings his customers back.)

In 1970 Louie came to the attention of the Datsun regional representative, and, as they say, the rest is history. He switched franchises, and when the '73 energy crisis changed a lot of buying habits, Louie was ready.

Today's store is packed with Zs and pickups and cars of every hue and stripe. There are eight salespeople, seven in service, two in the body shop, a parts manager and assistant, and three on the office staff. Louie's brother, John, is service manager. His son, Joe, recently graduated from Northwood Institute's auto management course and has started as a service writer. A daughter is working part-time when not at college.

College, of course, was not a part of Louie Sab's training, just that School of Hard Knocks. Lots of people matriculate at that institution, but most don't graduate. Louie is working on his Ph.D.

"I try to learn something everyday, and usually I do. I do know this, if you fall on your face too many times, you're going to get run over," Louie says. "So



Sab started in the auto repair business in 1966, operating out of a Quonset hut (inset). Today, he sells about 100 new and used Datsuns each month from his dealership in Portland, CT.

Auto dealer Louie Sab has never forgotten his beginnings as a mechanic, and continues to keep careful watch on how things are running in the backshop (opposite page).

when you learn something, you have to retain it.

"I hope to train my son the same way. That's the reason I have him at the service counter. That's the most important part of our business. That's the only place we see our customers again after we sell them the cars. Some people I know look at the service department as a necessary evil. Actually, it's the whole thing."

Although Louie rarely gets his hands dirty anymore, coming up through the greasy-nails route has definite advantages.

"This business is too complex now to run from the back, and things are too advanced back there anyway. I still have an understanding of mechanical problems, but I couldn't fix them."

This understanding makes Louie a shrewd buyer of used cars, and he buys—and sells—lots of them. It helps to know cars, but Louie feels it is probably more important to know people.

"I think the main reason behind the problems of the American auto industry is that it got too far from the people. The problems got watered down by the time they reached the top management. You have to stay close to the car and the people who buy it and fix it," he says.

"We keep track of all our service, and if we have a recurring problem, we find out why. It may be a mechanic who

doesn't tighten the third bolt from the right because it's hard to get to or he gets his arm burned. We tell him, roll your sleeve down, but do it right."

On the subject of doing it right, Louie has some definite ideas about multi-franchise dealerships.

Asked how he would approach further expansion, Louie Sab says one thing he would *not* do is add a large line to his existing store.

While granting that low-volume lines such as Saab cannot support a separate store, he disagrees with many dealers that you can share your overhead with other lines and come out ahead.

"Because you split up your ad budget, your personnel and other costs, you become more concerned with overhead than with running your dealership. You are doing an injustice to the factory, your customers and yourself. You can't possibly know your product as well," he says.

He believes each substantial line should have its own store ("Maybe only 50 feet away") and its own personnel and profit responsibility.

"If multi-line dealers would analyze what they are doing, I think they will find they are not setting their goals high enough. They are trying, for example, to do \$100,000 business from several lines when they probably could do that well in four different shops."

Louie readily admits he hasn't done as well as he could.

"When I look back at the money I didn't earn because of lack of knowledge, it makes me shake. I've done a lot of wrong things in the learning process."

One thing he recently learned is that customers like to have financing and insurance available at the dealership, and that you can make money providing those services.

"I always thought that if someone wanted a car, they would go to the bank and get the money. I didn't realize that some people don't like asking for a loan. Don't like even going in a bank. I wish I had realized that 10 years ago."

Louie has added F&I, and he's just installed an in-house computer system after checking out all the possibilities for seven or eight months. It usually doesn't take Louie that long.

On the day *Automotive Executive* visited Route 66 Datsun (not the one "that winds from Chicago to L.A." but the one that stumbles from Portland to Wilimantic) Louie Sab was feeling good.

His 72-year-old father had found a new spring for the truck and was installing it himself. And Louie has picked up a tip from another dealer at a 20-Group meeting. He was going to put that into effect today. Horatio Alger would have liked that.

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Rochester, New Hampshire**



Dennis Montini

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Richard Poulin

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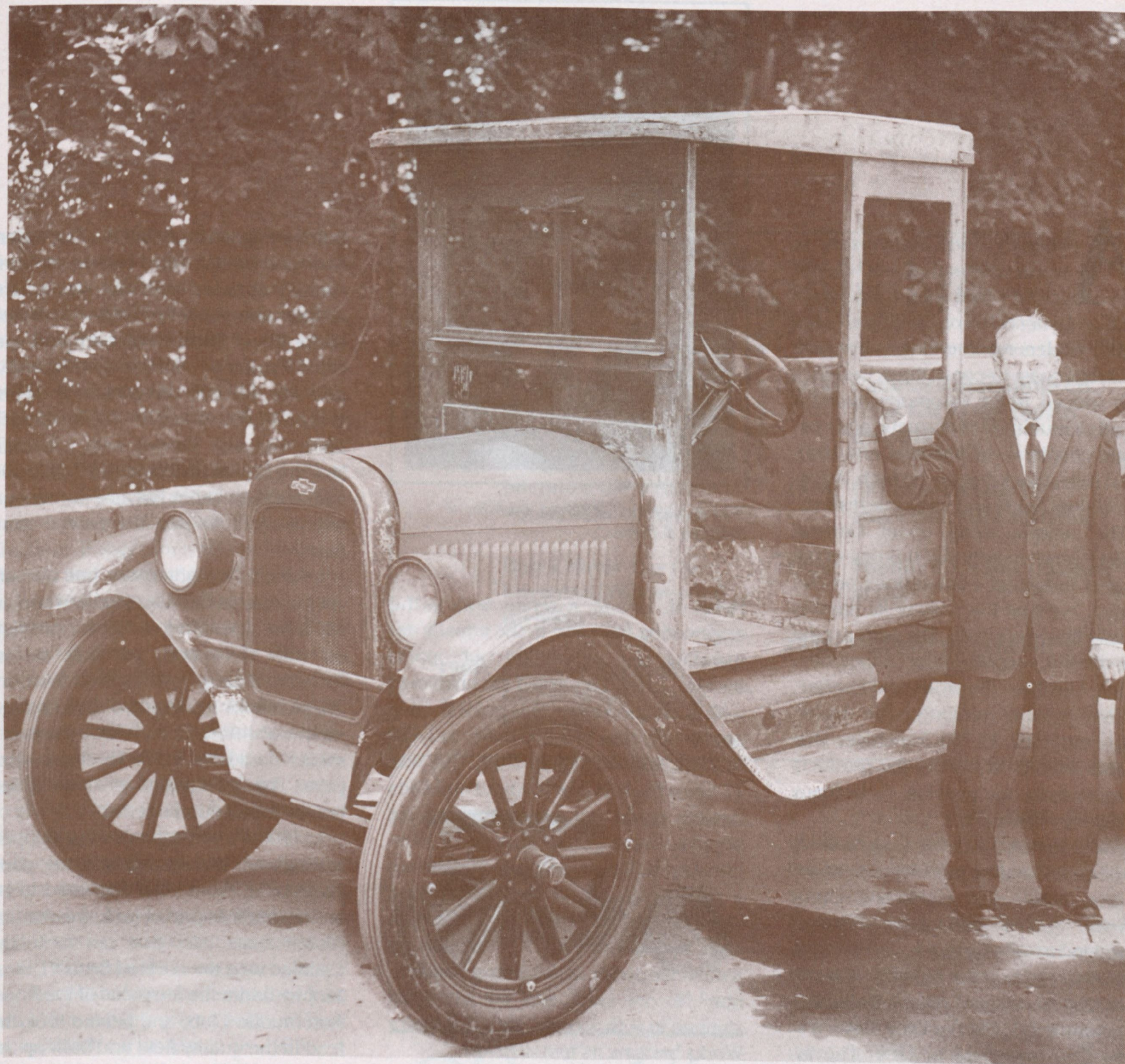


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THE 75TH ANNIVERSARY

SO BRIEF

OF GENERAL MOTORS

THE YEARS

BY JOHN BENTLEY

Anybody's 75th anniversary is worth celebrating, but when it comes to a monolithic giant such as General Motors, with well over 10,000 dealers representing its five auto divisions coast-to-coast, the occasion is very special. In the automotive world it recalls a multitude of dramatic and nostalgic chapters—of financial and technical milestones that are, in truth, Americana at its finest and most interesting.

The unique thing about General Motors is not merely that it is one of the biggest industrial corporations on this planet, but that the sum of its parts is greater than the whole. The parts are the five divisions representing Oldsmobile, Buick, Cadillac, Chevrolet and Pontiac, in that order of seniority. The dealerships embrace 15,760 franchises that enable dealers to handle the products of more than one division, or in many cases imported cars.

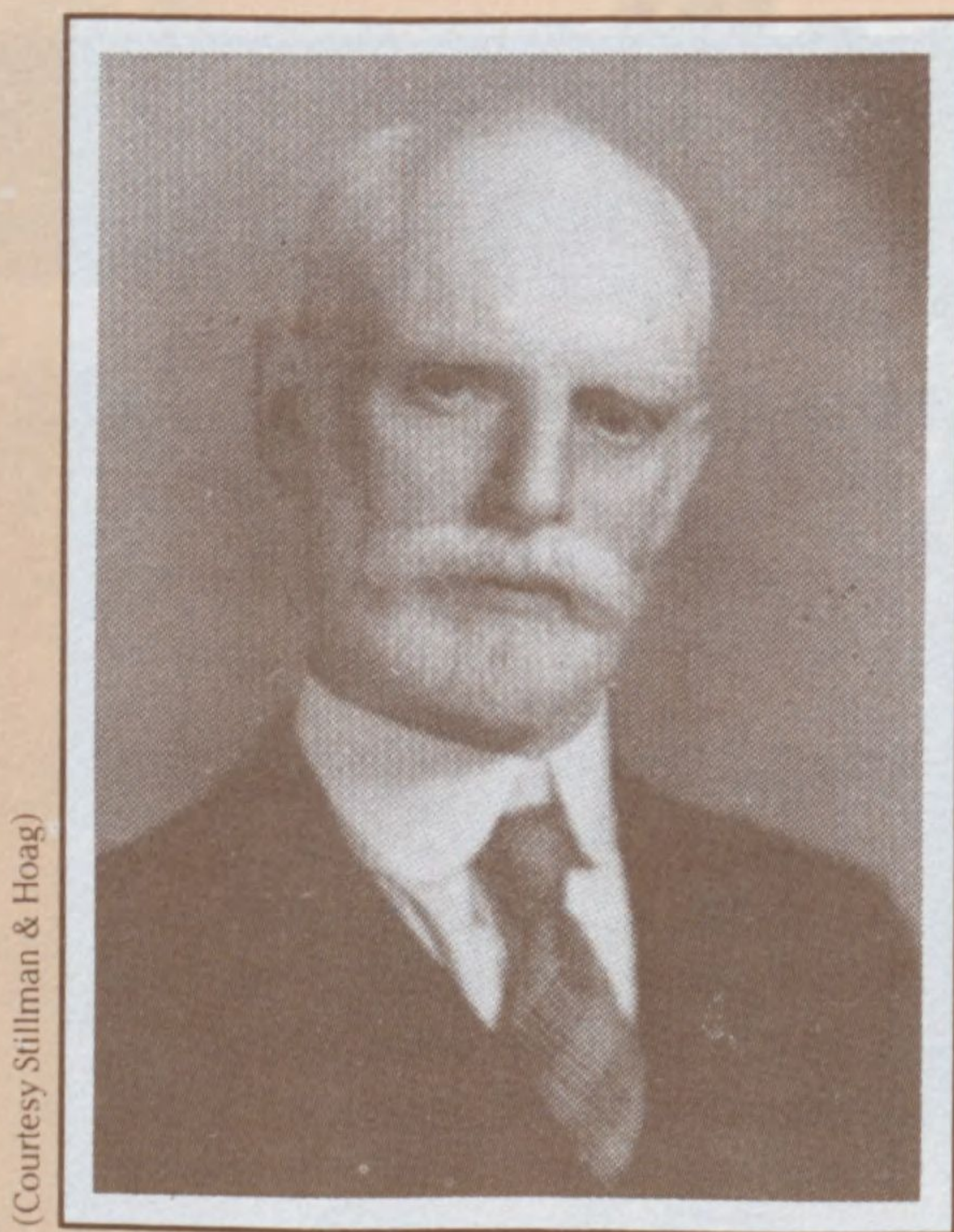
GM's history, briefly summarized, makes a fascinating kaleidoscope of endeavor, imagination, vision and opportunism, spiced with some colossal blunders bravely survived.

Contrary to popular belief, it was not Ford that introduced mass production to automobiles, but the Olds Motor Vehicle Co., organized in 1897. The famous Curved Dash Olds was the first car to roll off an assembly line in quantities, two years ahead of Ford. That was in 1901, but the triumph was short-lived. In March of that year, the Olds Motor Works at Lansing, MI, was destroyed by fire; despite that catastrophic reverse, 425 units were sold for \$625 apiece.

Olds now turned for its engines to a gray iron foundry—the Faulconer Manufacturing Co. The man behind it was

John Bentley is a frequent contributor to Automotive Executive magazine. His most recent stories include "The Shape of Cars To Come" (August) and "Restoring the Classics of Yesteryear" (April).

Photo (page 27): Walter Osthoff bought this 1921 Chevrolet truck from Colussy Chevrolet and sold it back in 1968, still in running condition.



(Courtesy Stillman & Hoag)

Walter "Colonel" Stillman, founder of Stillman & Hoag.

Henry M. Leland, a genius both in the engineering field and in the equally demanding one of sniffing out opportunities. Leland accepted the challenge with such good effect that in 1902, Olds production rose to 2,100 units, to 3,750 in 1903, and to 5,000 in 1904. This was 11 times the first year's output and Olds dealers could not get enough of the popular Curved Dash Runabout. Inexplicably, however, sales declined from a peak of 36 cars a day in 1904 and slumped by 1,000 units a year until, in 1908, the company was \$1 million in the red. Fickle public taste? Strong competition? No one could say, but when GM stepped in with an offer, the Olds Motor Works became its first division.

Leland, meantime, perceived an automobile market stretching out before him like some endless prairie. He rolled up his sleeves and designed the first Cadillac, named after a French soldier of fortune who had founded Detroit with the trust of the Indians. In 1903, 1,700 Cadillacs were sold at \$750 each. The fourth future division of General Motors, and its most prestigious one, based on quality, hit the ground running.

However, to put history in its proper perspective, the second future division of GM came into being in 1903. David Dunbar Buick, a Detroit plumber of Scottish descent, also stuck his finger in the automotive pie. Buick cared little for the commonplace. He was responsible for launching a process that made possible the annealing of iron and porcelain, and led to the modern bathtub. Fascinated by the horseless carriage,

Buick designed and built the first water-cooled overhead-valve engine—a horizontally opposed twin that was tough, simple and reliable. Thus the Buick Motor Co. of Detroit was born and survived a shaky financial beginning and a dramatic \$10,000 takeover by the Flint Wagon Works. When, on September 16, 1908, GM was formed with a capital stock of \$2,000 (that rose to \$60,000,000 within a year) Buick became the second independent to join the parent company.

Leland's far-sightedness had already set the seal on Cadillac quality when, in 1907, his devotion to accuracy prompted him to import the first set of Johanssen gauge blocks from Sweden. These blocks represented the practical metric absolute from which measurements could be made to standardize parts. They guaranteed an identical tolerance for all components.

In 1908, three Cadillacs were shipped to England, dismantled and the parts scrambled. From what appeared to be an inextricable pile of junk, mechanics rebuilt three cars that ran perfectly. Cadillac won the coveted British Dewar Trophy under the auspices of the Royal Automobile Club, and Leland took the lead in the quality field and built up the prestigious image Cadillac enjoys to this day. That same year, the Fisher Body Co. joined the fold, but Cadillac did not become a GM division until 1910, when Leland's company was the first to introduce closed bodywork as standard factory equipment. (Other Cadillac "firsts" were the electric starter in 1911, and the first U.S.-designed V-8 engine in 1914.)

The Chevrolet name had its beginnings in 1909, thanks to an amusing episode. William C. Durant, GM's creator (who had made a fortune selling horse-drawn carriages and was destined to lose and regain control of GM twice), kept many irons in the fire. One day he was approached by two brothers looking for jobs. They were Arthur and Louis Chevrolet. Durant settled the problem in typical fashion. He staged a race between the brothers which was

won by Louis, who got the job. Arthur became Durant's chauffeur because of his "conservative" style of driving. Soon, however, both brothers found employment on the official Buick racing team. (David Buick got into racing when his Model G Runabout won the 100-Mile Free-For-All at New York's Empire City Track.)

In 1909, a year before Durant first lost control of GM, he added another division to the growing giant. This was the Oakland Buggy Co., whose Model A packed too many innovations for the public to accept. Included were a two-cylinder engine with a crankshaft balancing device that made vibration "imperceptible." It also featured coil springs and the engine turned counter-clockwise, so that cranking was difficult. Like the Buick, it bombed but managed to survive long enough for Durant to give it a fresh start with GM. Its direct descendant was the Pontiac Light Six with closed bodywork and many refinements, presented at the 1926 New York Automobile Show. In fact, the Oakland and Pontiac co-existed successfully until 1932 when the former was phased out, but not before it had introduced the first V-8 in the low-priced field and built its millionth car on March 18, 1929.

Durant's ouster from GM did little to dampen his enthusiasm. Within a year he backed a new car designed by Louis Chevrolet, who had just formed the Chevrolet Motor Co. of Michigan. Called the Classic Six and priced at \$2,150, it was an instant success that found 3,000 buyers in a few months. Durant had another winner and started on the comeback trail as Chevrolet became a household word. It was not absorbed by GM, however, until 1918.

We mentioned earlier that GM is an interesting example where the sum of parts is greater than the whole. To make the point, *Automotive Executive* randomly chose five of the oldest GM dealers still going strong. These dealerships, representing various franchises, tell an interesting story. Not one of them has been in business for less than half a century.

GM Highlights

1908: General Motors Co. organized September 16

Olds Motor Vehicle Co. becomes GM's first automobile division

Buick Motor Car Co. becomes GM's second division

1909: Oakland Buggy Co. becomes GM's third division

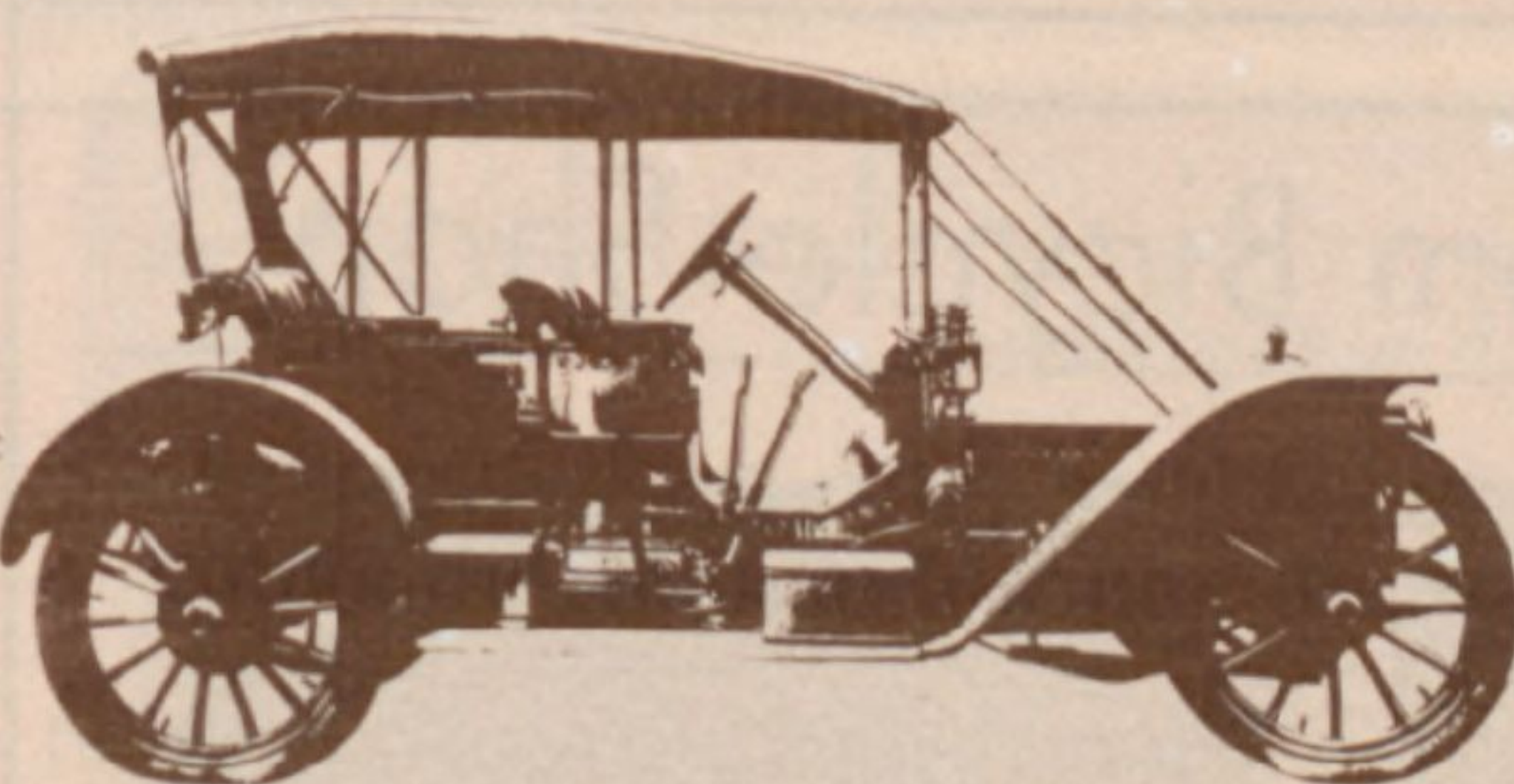
1910: Cadillac Automobile Co. joins GM as the fourth division

1918: Chevrolet Motor Co. absorbed; fifth division

1926: Pontiac Co. joins Oakland at GM

1932: Oakland phased out

1908 Touring Car



Oldsmobile

Roggenkamp Co. Inc. of Milltown, IN, stands out as a fine example of a family enterprise. The firm started as a full-time Chevy dealership in 1930, taking on Oldsmobile three years later. The founder, E.K. Roggenkamp Sr., now 91 years old, opened a shop close to a rock quarry. His assets were \$500, a shop and a parts room. Soon, he added the Oldsmobile franchise, and brother Albert, now deceased, came from Louisville to run the shop. When the elder Roggenkamp retired, his son, Walter, took over the management of the business. His grandson, Walter Rusk Roggenkamp, runs the parts department. E.K. Jr., Walter's brother, oversees the shop, while Mildred Booth, his sister, is in charge of bookkeeping.

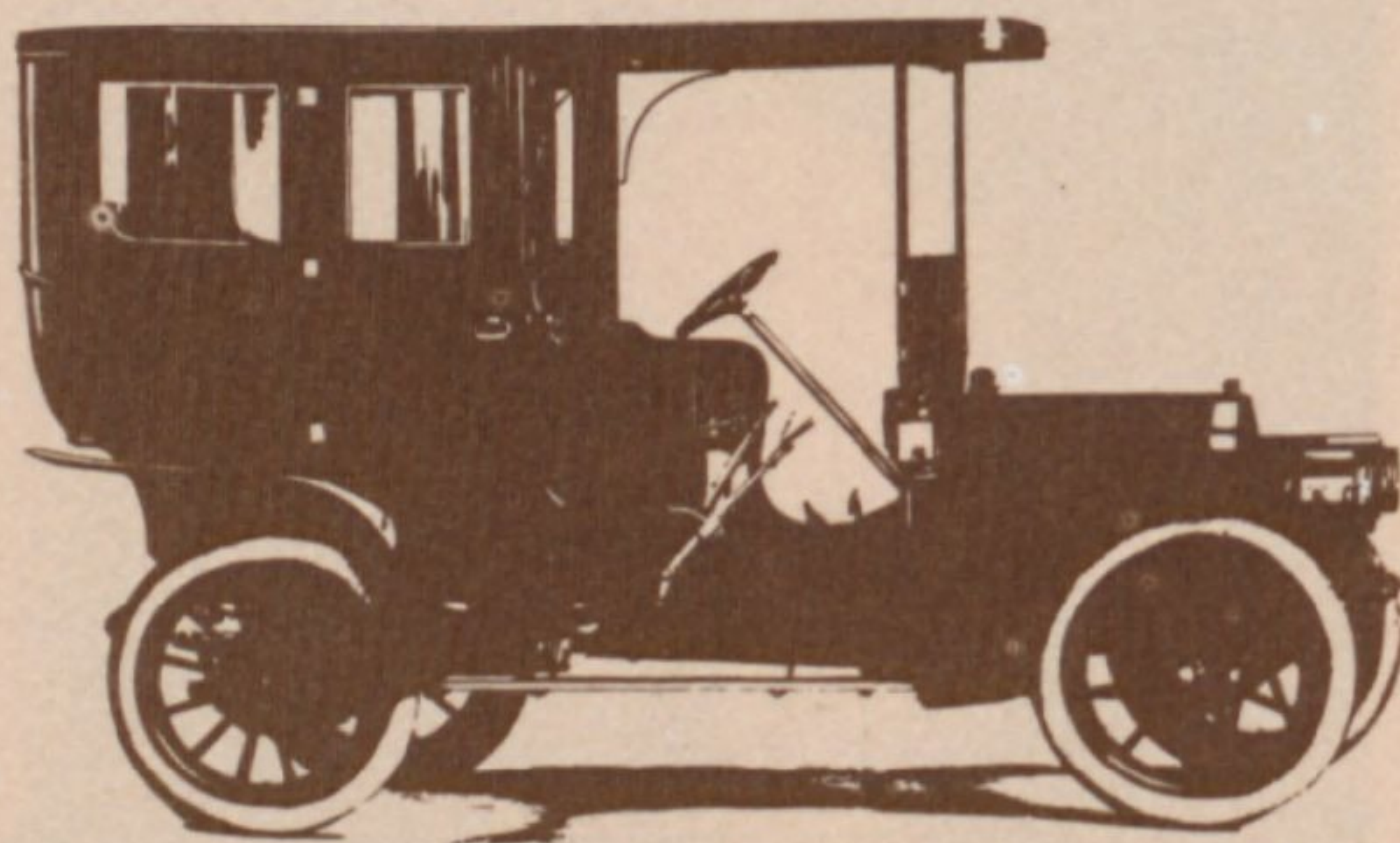
"As you can see," Walter Roggenkamp says, "we are a close-knit family business—not large but enduring. It's a good way to go."

Why the adjacent quarry? "During the Depression we were lucky to have that location. Government projects used rock extensively, so the town prospered. Lime was available to make cement, and we sold trucks to farmers who bought the lime. We also sold dump trucks for country roads. In fact, during the Depression we sold more trucks than cars."

The firm's salesmen were drafted in World War II, says Walter, "but we retained most of our mechanics. New cars were unobtainable, so we kept busy with repair work, and also bought and reconditioned used cars."

These and a limited number of new trucks were stockpiled against government orders. "When a customer appeared with a bona fide order, we took a car out of mothballs and sold it to him."

Things progressed well for the Roggenkamp hierarchy until 1979 when the price of gas skyrocketed and triggered a temporary slump. "Our best sales year was 1978, just before the OPEC thing," says Roggenkamp. "We sold around 165 cars and trucks—not



Cadillac

bad for a small dealership. Now we are back up to between 80 and 100 annually."

The firm employs 13 people, including six mechanics and two salespersons. "We had four salesmen in the early '60s and through the '70s, but then things tapered off."

Roggenkamp mechanics undergo regular GM training and are familiarized with new products, but with one exception have no computers yet. That exception is the terminal on which they order new cars.

The Roggenkamp franchise is well-known in Milltown. In fact, it's a permanent landmark. "With 50 years of conducting an honest business, many of our customers are repeat. We don't need TV commercials," Roggenkamp says.

Roth Cadillac of Erie, PA, claims the oldest ongoing dealership in the U.S. for the flagship of the GM automotive family. It celebrated its 80th anniversary in April. "In fact," says Bob Q. Roth Jr., chairman and son of the founder, "we are even older than that. We started selling Oldsmobiles—yes, the old Curved Dash, what else?—in 1901, and took on Cadillac six months after Leland built the first one. That was in 1903. The company's first contract with GM dates back to 1904. However, my grandfather, Louis Roth, held the U.S. speed record for 15 miles on a bicycle made by him in Pennsylvania in 1894!"

The Great Depression that followed the Wall Street crash had a delayed negative effect on Roth Cadillac. They had kept the Olds franchise until "some time during World War I," but in 1933 resumed handling Oldsmobiles for the next 13 years. "We were distributors for northwestern Pennsylvania until GM discontinued that distribution method."

It was in 1938 that the backlash of the Depression hit the Roth franchise and Bob Q. Roth's father, Dudley C. Roth, ran into financial problems. In partnership with Arthur Knobloch, he took over the business and kept it going until 1969, "when we de-dualized," Bob Roth explains. "My father and I took the Cadillac dealership to a new facility and Mr. Knobloch's son kept the Oldsmobile part of it. My father died in 1972."

Robert Q. Roth Jr., the fourth generation, is now president of the company.

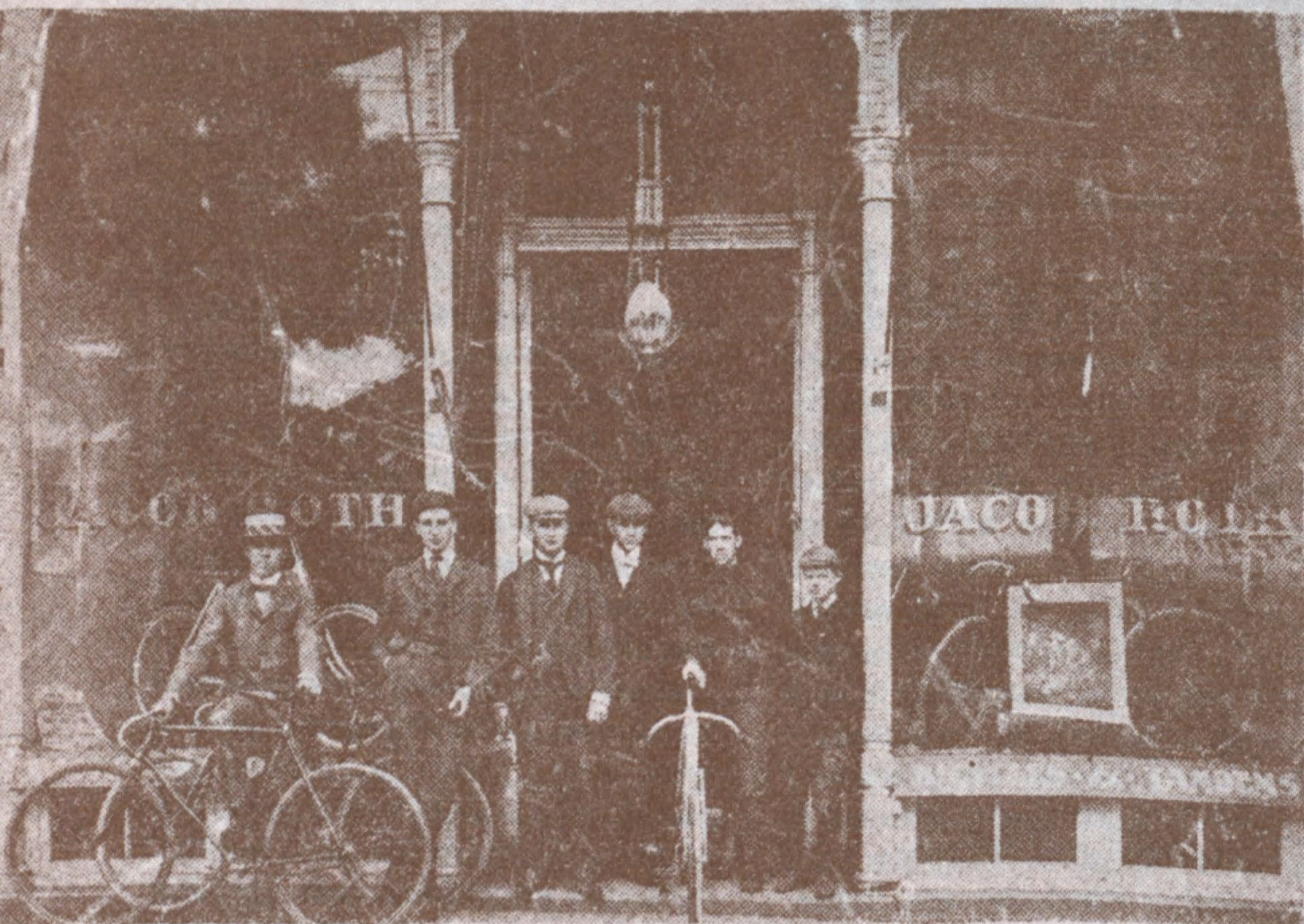
World War II had a disastrous effect on this family business. "We sold a few used cars and then got into a contract with the Navy to make portholes. The lathes bounced up and down on the floor and that little venture cost my dad a hundred thousand dollars."

New cars were hard to get, of course, "and a customer had to have a government priority in order to be able to buy one. So, except for my grandfather, Louis Roth, who by then was working for my father, the sales staff was let go. The service department continued to function during the war with fewer people. Some, of course, went into the service. My father, Dudley Roth, a West Point graduate, served during the entire war. His partner, Arthur Knobloch, ran the company during that period."

As to how the dealership is doing in the '80s, it is selling an average of 250 Cadillacs yearly. Bearing in mind that Erie is a town of only about 118,000 people, and much of the business comes from places 100 miles away or more, this speaks volumes for the ethics and efficiency of Roth Cadillac.

"Our philosophy is simple and unchanging," Bob Roth says. "Treat people fairly. They have a right to expect that and they appreciate it."

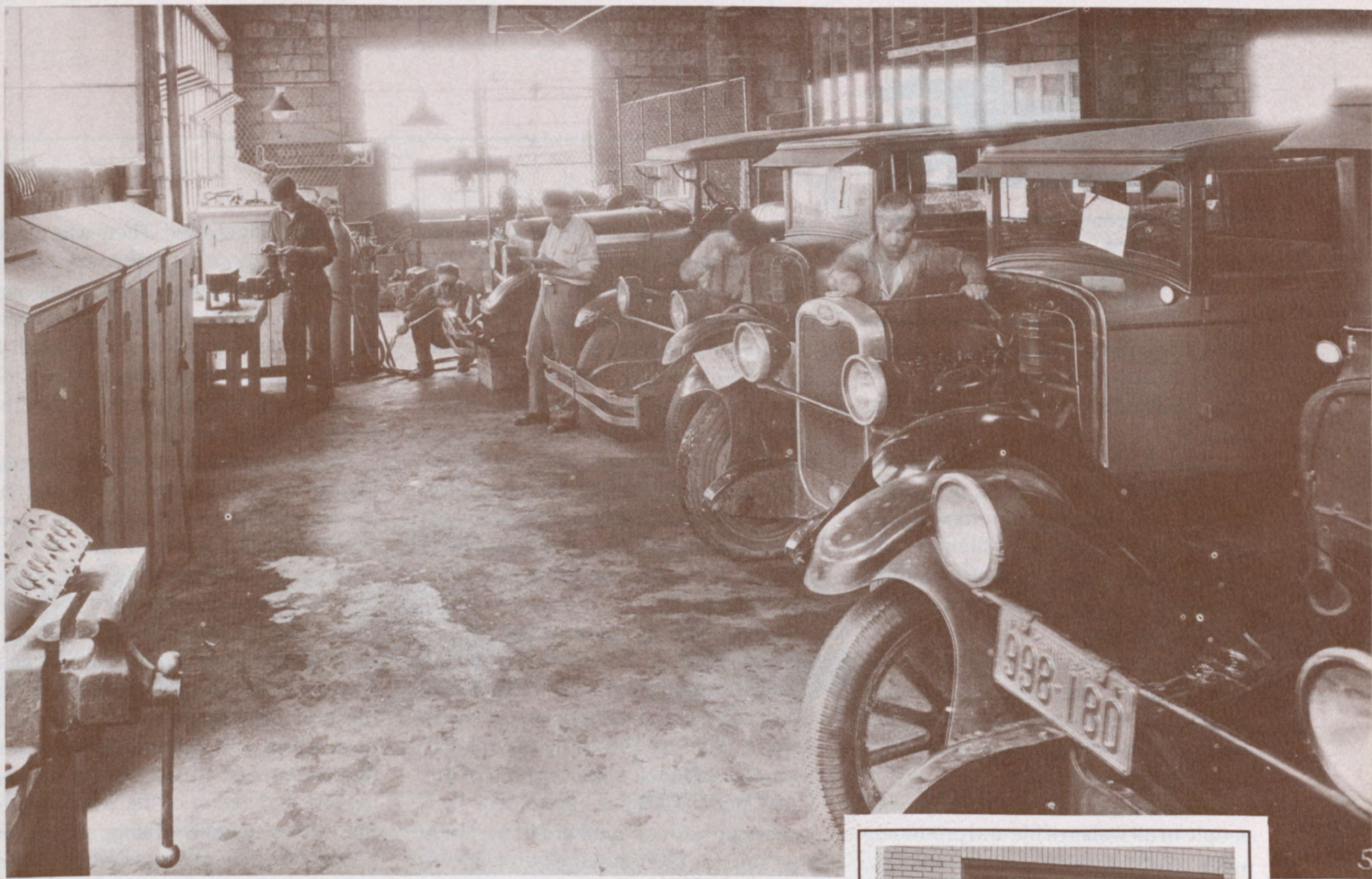
Roth Auto Agency Rose From Bicycle Shop



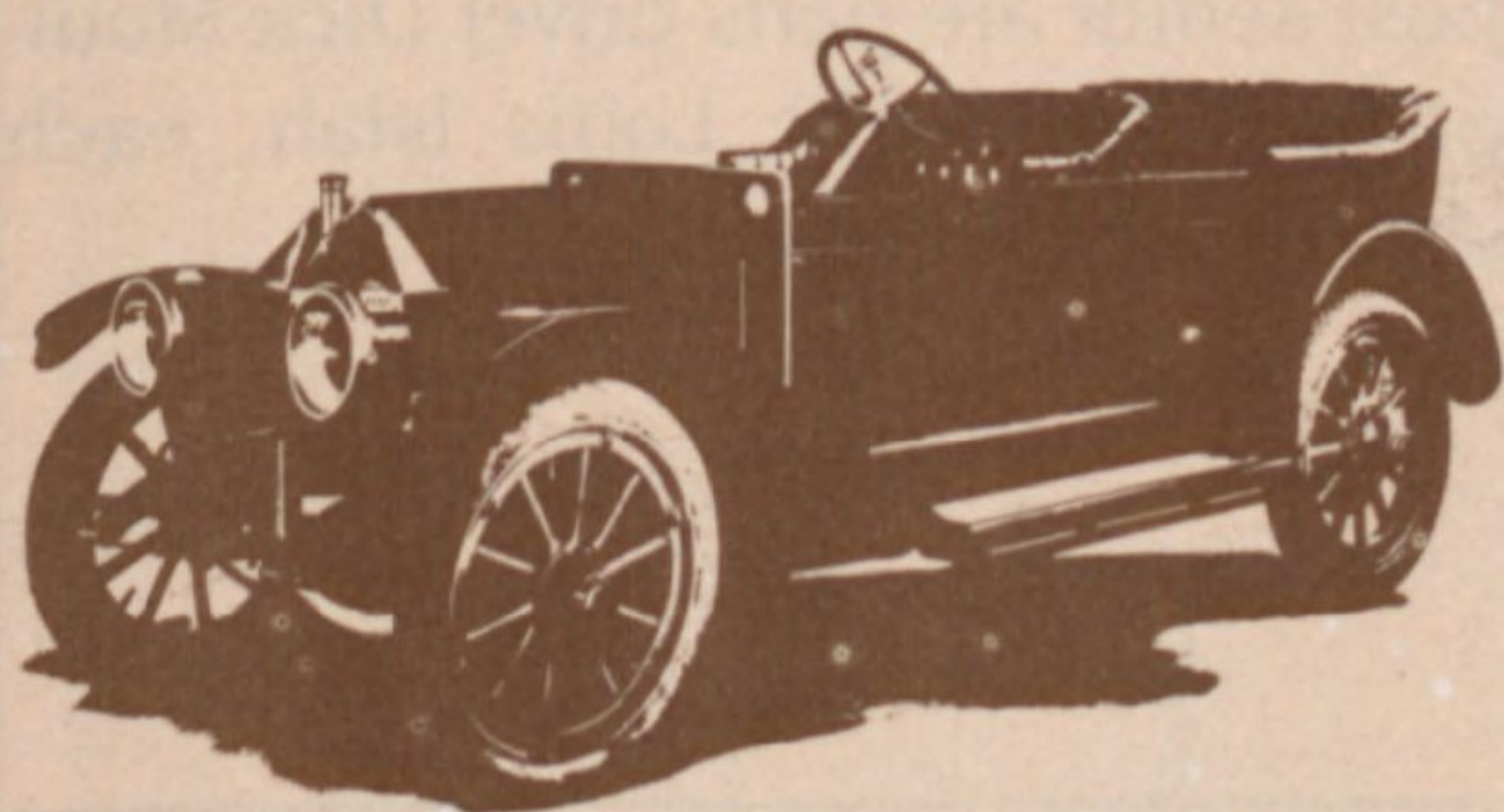
THE Roth Bicycle Shop that grew into the Roth-Cadillac Co., the oldest Cadillac agency in the United States, was located opposite the first Times home on West 9th st., between State and Peach sts. In the picture above are, left to right, Archie LeJeal, Ben Chambers, Otto Maya, Burnman, the auto racer, and John Roth.

Because bicycles were forerunners of automobiles, it was only natural that bicycle dealers would gravitate into the new transportation field and the Roth firm led the way by taking over the Cadillac agency in this district and to this day continues to sell that car.

(Courtesy Roth Cadillac)



A peek inside Colussy Chevrolet's service department in 1928.



1911 Chevrolet

Chevrolet

Colussy Chevrolet of Bridgeville, PA, is one of the two oldest Chevy dealerships in the U.S. It opened its doors on August 1, 1918, 65 years ago, and has never looked back. Founded by Albert Colussy (still going strong but semi-retired) and his brother, Gilbert, the business is now run by Albert's son, Louis "Skip" Colussy. Skip's two sons are involved—Tim as a salesman and used-car manager, and Jon as a mechanic. Some very basic teamwork is in evidence here, not to be confused with nepotism.

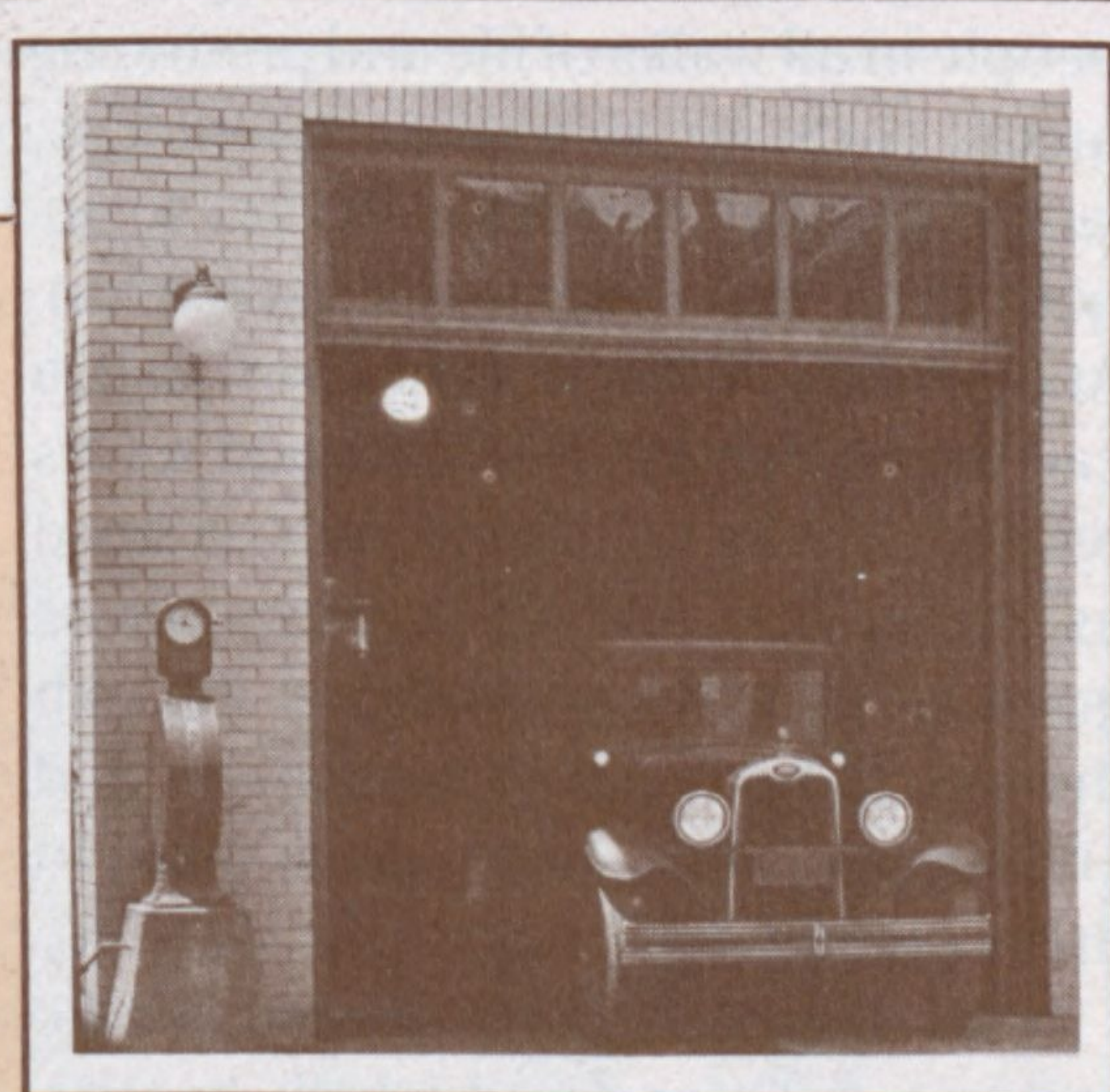
Asked how the company fared during the Depression, Skip had an amusing and logical answer. "More cars were

being repossessed than were sold! But by being frugal, working hard and trusting people, we managed to weather the Depression."

World War II was another period of trial. "We lost all our younger employees, but fortunately we had some older people who had been with us a long time and who kept our service and parts departments operating. Also, we hired women to work in both parts and service. We were the first to do so in our community."

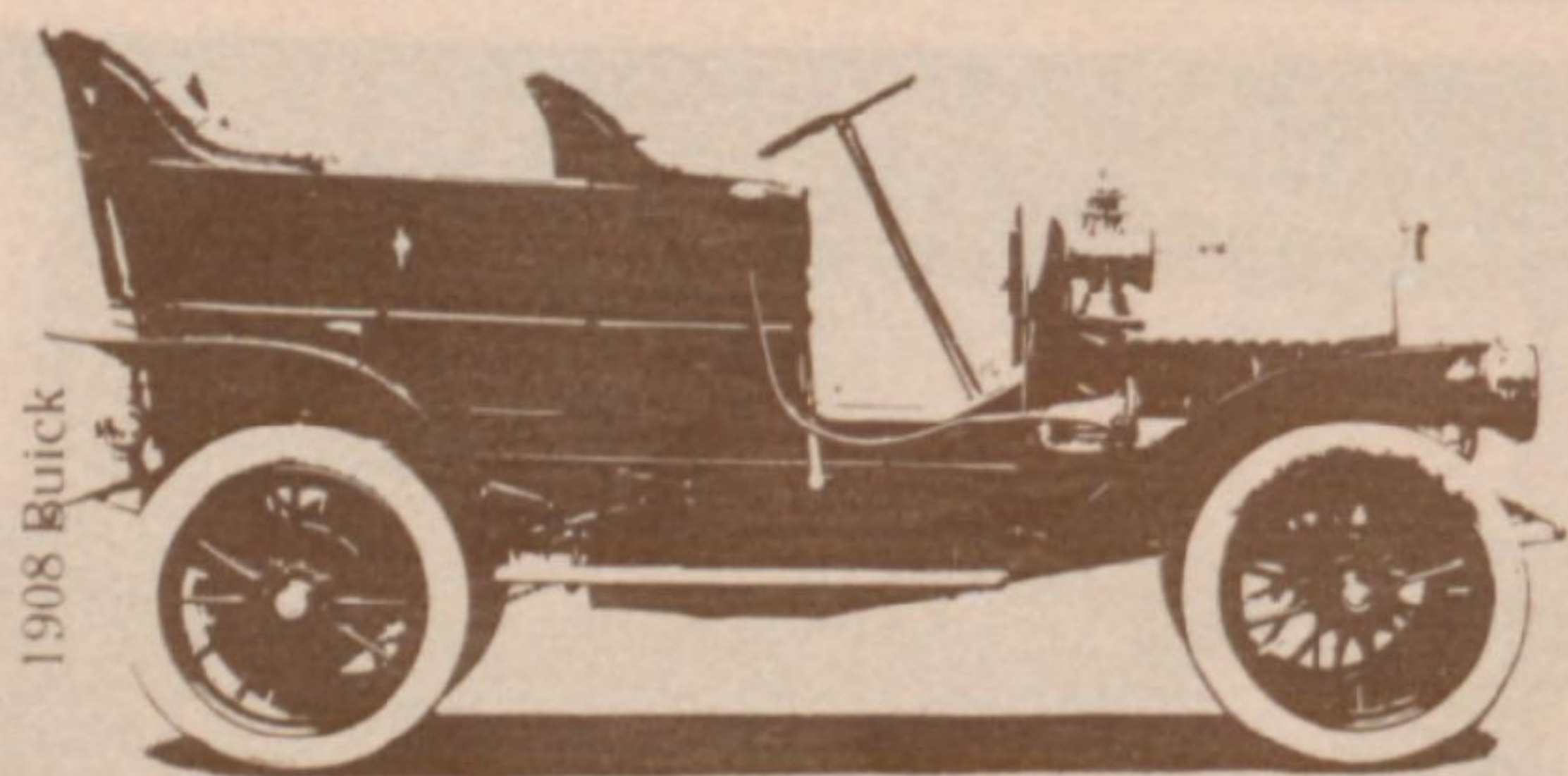
From modest beginnings, and after occupying the same premises for 56 years, Colussy Chevrolet moved into new facilities in 1974. New-car sales doubled, going in one year from \$2,500,000 to \$4,600,000. Current annual sales are more than \$7,000,000. Nice going, indeed. •

"The fact is," Skip Colussy says, "that during the past decade some vast changes have taken place in the operation of our dealership because of technological improvements. Manual and



machine accounting has been replaced by computers. Inventory control of our parts and vehicles is also computerized. Communication between factory and dealer is gradually but steadily changing from mail to computer. Because of almost continuous technological changes in the automobiles themselves, our service people are required to be knowledgeable far beyond the use of wrenches, hammers and screwdrivers. They must now be skilled in electronics and computers."

This concise but comprehensive statement says it all. It underlines the attitude of a forward-looking dealership that is not about to be left behind.



Buick

Stillman & Hoag Buick of Englewood, NJ, is truly a pioneer business with small beginnings in 1908, the same year that GM was organized.

Walter W. "Bud" Stillman, chairman of the board, comments on the store's history. "The firm was founded by my father, Walter 'Colonel' Stillman, and Daniel Hoag, two men with complete confidence in the future of the automobile in America.

"I started working for the company when I was 15, after school and during summer vacations, selling Buicks door-to-door and working in the blacksmith's shop, making auto parts.

"These experiences dealing with people in all walks of life and producing metal parts to precision tolerances, taught me that integrity is the key to acquiring a good business reputation. And, when you come right down to it, a car dealership is only as good as its reputation...its reputation only as good as its service...and its service only as good as its employees. Down through the years, both our management and employees have been dedicated to these principles.

"Our customers are aware of the Stillman & Hoag creed which has enhanced our reputation and earned their loyalty and recommendation to others."

To which Robert Stillman, third-generation president of the company adds,

"I am truly proud of my family's achievements in the automobile industry during the past 75 years and our excellent reputation in our community."

During his 11 years as president of the firm, Stillman has seen some major company changes, all of them good. These have included the enlargement of the Buick showrooms, the opening of two used-car lots and a 35-bay service center, along with a fully computerized parts department, an expert body shop and the rapid expansion of the car leasing division.

A flashback to the opening day of Stillman & Hoag shows a very different picture. A small building on Engle Street with no showroom or floor space. It was here in 1908 that the company opened its doors and took a minor share of the 9,000 Model 10 Buicks produced. This Runabout with a mother-in-law back seat sold for \$900, and the public loved it. Stillman & Hoag did well but only became a franchised Buick dealership in 1917. In 1932, two years after the death of Daniel Hoag, Walter "Colonel" Stillman became the sole owner of the company. Growth and a bright outlook dictated a move in 1939 to the firm's current location at Grand Avenue and

Route 4 in Englewood. There was plenty of adjacent room for further expansion, but in 1941 the Bendix Corp. took over the firm's service facilities to perform war work for the U.S. Army. Stillman & Hoag acquired temporary quarters on Grand Avenue until Bendix vacated the service facilities in 1946.

Soon after, Buick returned to normal civilian production and, helped by the postwar car famine, grew by leaps and bounds during the next decade. In 1959, Stillman & Hoag sold 1,500 cars, and in 1981 the number had jumped to 10,000. More than 400 Buicks were leased and daily rentals topped 100 cars. Success was not just hammering at the door for this veteran company with its high business ethics and commitment to satisfied customers; it had literally broken in. The dedication of the workforce to the firm is equally striking. A random sample of 27 employees, ranging from vice presidents on down, shows an average length of service of 20 years. The most senior are parts driver Dick Moulton and mechanic Louis Isiah, each with 37-year stints.



A couple poses with their new 1952 Buick outside of Stillman & Hoag's Teaneck, NJ, store.

Photo Art Studios, Teaneck, NJ (Courtesy Stillman & Hoag)

GOOD SERVICE MAKES GOOD SENSE

(Courtesy Stillman & Hoag)

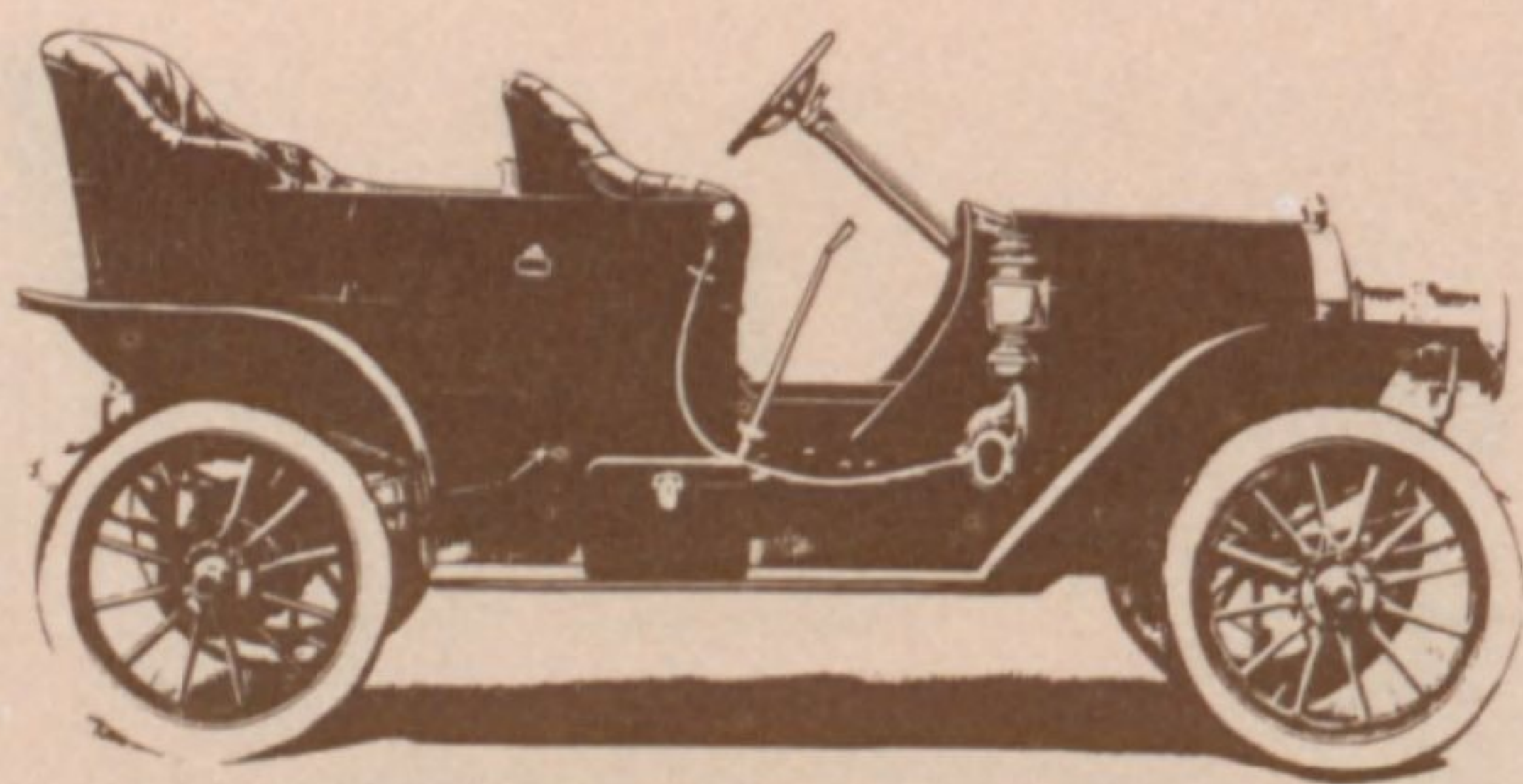


The photo at left was taken in 1908, Stillman & Hoag's first year of business. The building had no showroom or floor space.

Below, the look of Stillman & Hoag's 1919 showroom.

Stefano Studio, Englewood, NJ (Courtesy Stillman & Hoag)





Pontiac

Among the oldest and most respected dealerships representing the fifth of the GM quintet of divisions—Pontiac—is L. H. Racke Inc., (pronounced Rake) of Naugatuck, CT. This firm opened for business in 1909, 74 years ago, but sold Fords until 1915 when it switched to Oaklands and then Pontiacs. Its GM dealership, first as the Oakland Motor Car Co., then as L.H. Racke Pontiac, is therefore at least 67 years old.

The founder, Louis Racke, now succeeded by his son, Harris, was gifted with the ability to see well ahead. Much was happening during the first decade of the century that reinforced his faith in the future of the newborn automobile. The Pontiac Buggy Co. was losing skilled carriage builders to the auto industry, and in 1907 the Oakland Motor Car Co. started production with a capital of \$200,000. Its original plan was to assemble cars from manufactured parts and so reduce costs. Alanson P. Brush, creator of the highly successful Brush Runabout, had designed a sample two-cylinder car for Cadillac which that fastidious company turned down. It fell to Edward Murphy, an organizational genius, to grab the design and turn it into an Oakland. The first production run was a flop. Maybe some of the customers disliked cranking their engines the opposite way round. But most likely they were overwhelmed with novelties such as the crankshaft balancer and coil suspension mentioned earlier.

Undismayed, Murphy modified the design and the 1908 Oakland took off. Nearly 500 cars were built and sold that year, with Louis Racke watching carefully. In 1915, when Oakland came out with its sensational 6-49, a convertible roadster that embodied "51 refinements" for only \$1,685, Racke switched to GM. The business remains small but he never looked back. Renting his original Ford premises to a Chevy dealer, he moved from Main Street to High Street because of the trolley cars and traffic.

In 1918, the bodies for the Oakland car were built in Springfield, MA, and the Racke dealership got one of the first four-door sedans. It was snapped up at once.

"We survived the Depression and subsequent recessions pretty well," Harris Racke recalls. "For good reason. We were a small dealership with steady, repeat customers whose business we could count on. Another thing was that UniRoyal tires (U.S. Rubber) closed 23 plants and brought people to Naugatuck by the hundreds where they made rubber footwear. This helped the town's economy."

World War II didn't rock the boat too much, either. "We kept our employees busy, servicing cars. The War Board allowed us a limited number of new cars for sale to the factories. By then, big firms like the U.S. Rubber Co., Bristol Industries and Scovill's Brass Mill were making rubber boats, gun turrets and various parts. During the first postwar year we sold a million dollars' worth of tires to the employees of those companies. The tires were literally hot out of the molds, packed 500 to a truck and loaders used gloves to handle them!"

As to the impact of technological changes through the years, Racke has this to say, "We send our men to schools to get experience in servicing new cars, but the business has changed altogether. Now, most of the stuff we handle is computerized and a new

breed of mechanics has appeared. They're experts on electrical equipment, transmissions and engines. They check everything scientifically."

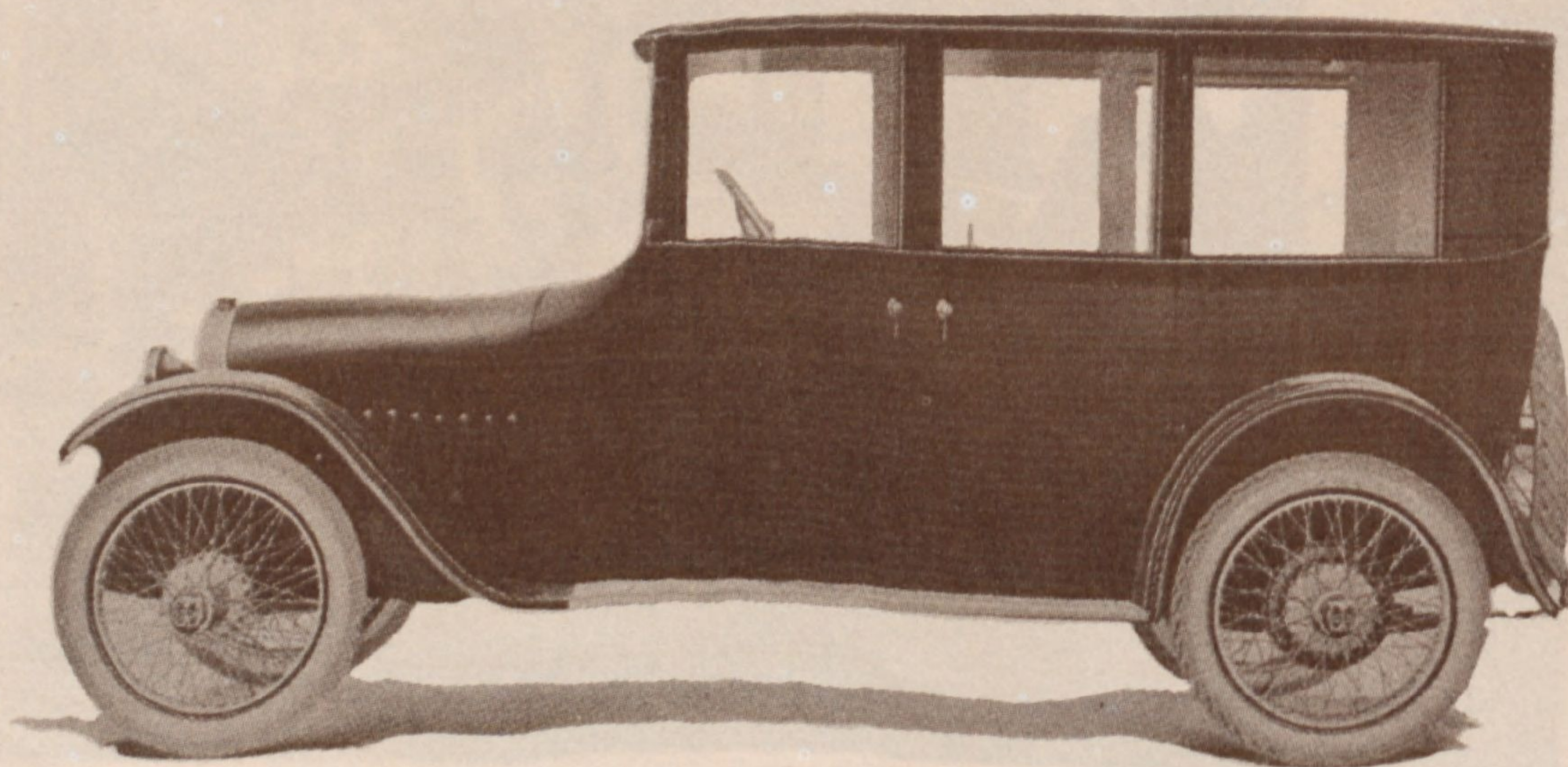
The company philosophy at Racke Pontiac is pretty basic and sound. It is also simple.

"We depend largely on service to keep the ball rolling. We don't advertise. Our repeat customers are mainly doctors, lawyers and industry people. They trust us and when they want a new car they simply tell us the model and color. We do the rest."

And "the rest" is quite considerable. Every new car arriving is "rebuilt" before sale, as Racke puts it. Everything is carefully checked out because "the level of quality control is not so good anymore. The factory can't do it all. It hasn't the time. So we take care of the squeaks, rattles and missing bolts."

Racke Pontiac, despite its age, is an example of conservative progress at its best. □

Bodies for this 1918 overhead valve, 6-cylinder Oakland Model 34-B Sedan were made in Springfield, MA. L.H. Racke got one of the first. Price was \$1,825; wire wheels cost \$85 extra.



(Courtesy John Bentley)

GOOD SERVICE MAKES GOOD SENSE

In January of this year we were introduced to Tricom's Tri-Freedom I dispatching system. In a period of only six months with Tricom we have increased our service department gross profit by an additional 10 percent. We are looking forward to even greater increases when the installation of our Tri-Freedom II system is completed.

The service provided by the entire staff of Tricom has been outstanding and we have found them to be no further away than the nearest telephone.

*Dana Martin, President, Martin Cadillac
Los Angeles, California*

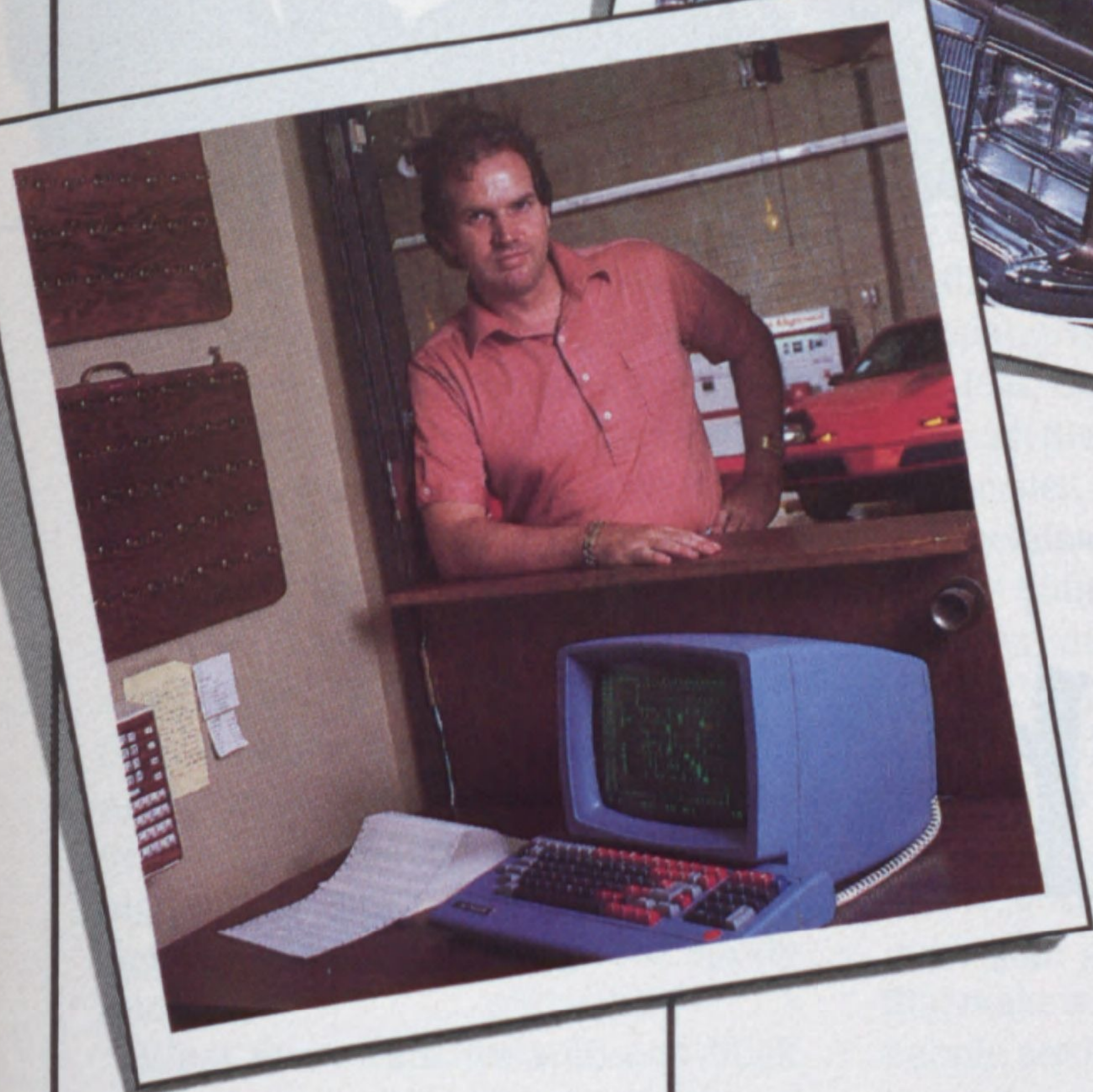
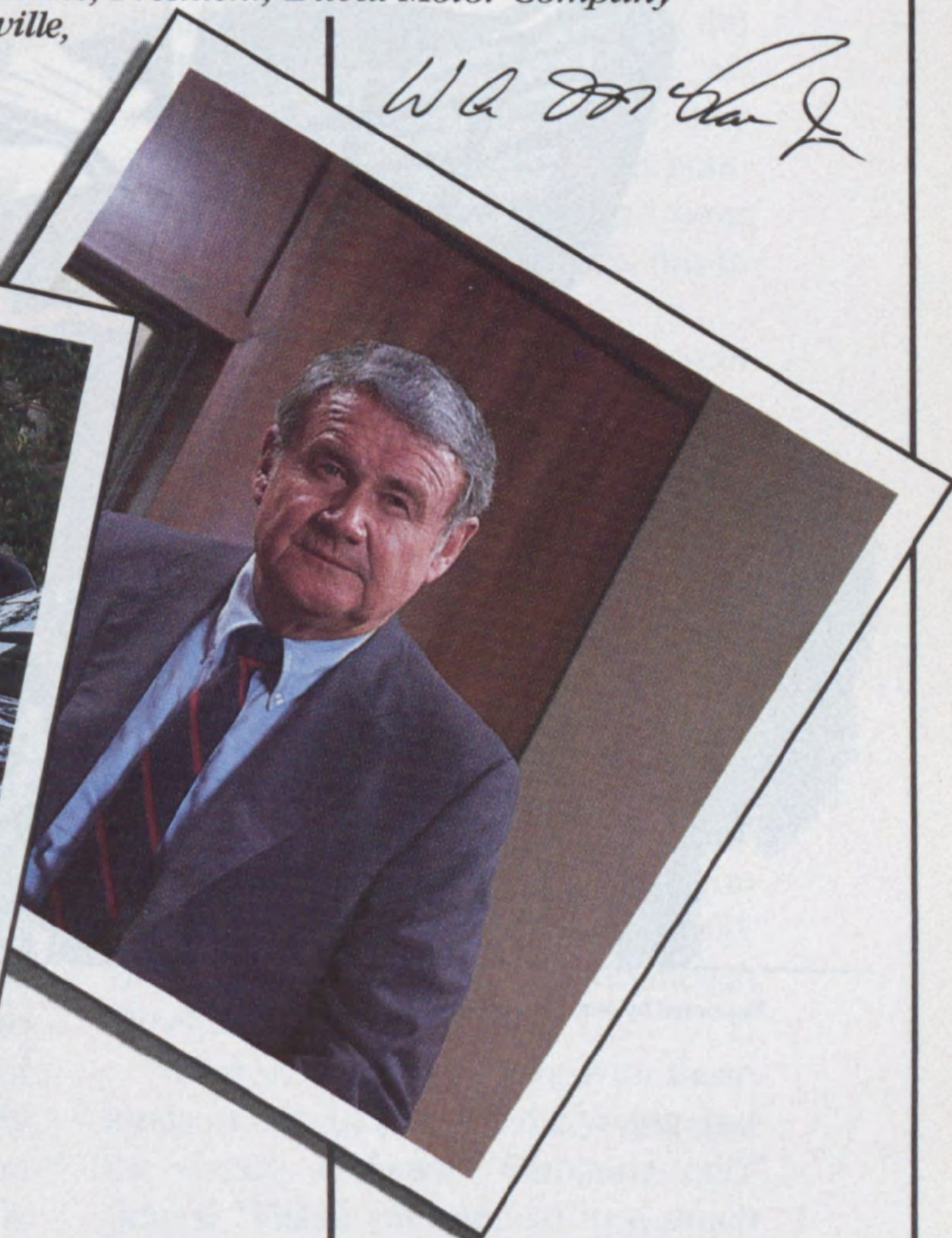
Dana R. Martin



The Tricom system manages our time rapidly and efficiently and results in increased profits. Our customers know that this means promise times that are accurate and appointments that can be kept. Our operation has greatly improved and our control of shop loading, dispatching, hold for parts, appointments and all other areas of importance is remarkable. We like the Tri-Freedom I so much that we have ordered the Tri-Freedom II and can hardly wait for it to arrive.

*Walter McRae, President, Duval Motor Company
Jacksonville,
Florida*

Walter McRae



When you relocate and build a new dealership, as we did, everything doubles . . . personnel, overhead and, thank goodness, business. You really find out the value of a computerized system, and you really can't beat the Tri-Freedom as a service system. In addition, Tricom's organization is first rate—their people are always there when you need them.

*Frank Clark, Vice President and General Manager
Ozzie Davis Pontiac-Toyota
Dublin, California*

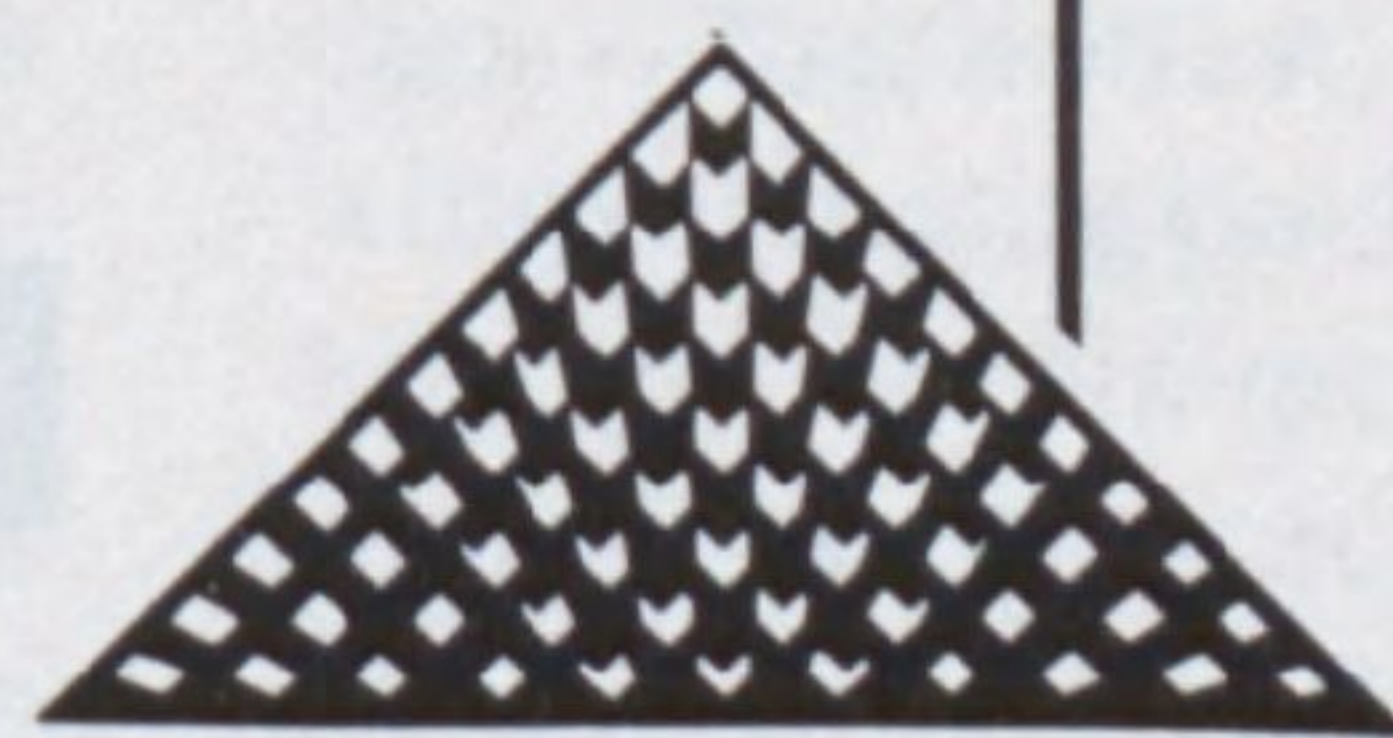
Frank Clark

Tricom's Tri-Freedom systems offer the continuous support and quality assurance you need to manage a profitable and efficient service department.

Support and Training. Tricom's installation specialists show you and your department how to make the most of your Tri-Freedom system and how to incorporate it in an overall service management approach. As specialists in the automotive field, we know what your shop needs to reach its full potential.

Quality Assurance. Tricom's Quality Assurance team is dedicated to providing continuous training, service and management consulting programs that are tailored to your specific, growing needs. Our toll free lines are open 24 hours a day to answer questions on the Tri-Freedom systems.

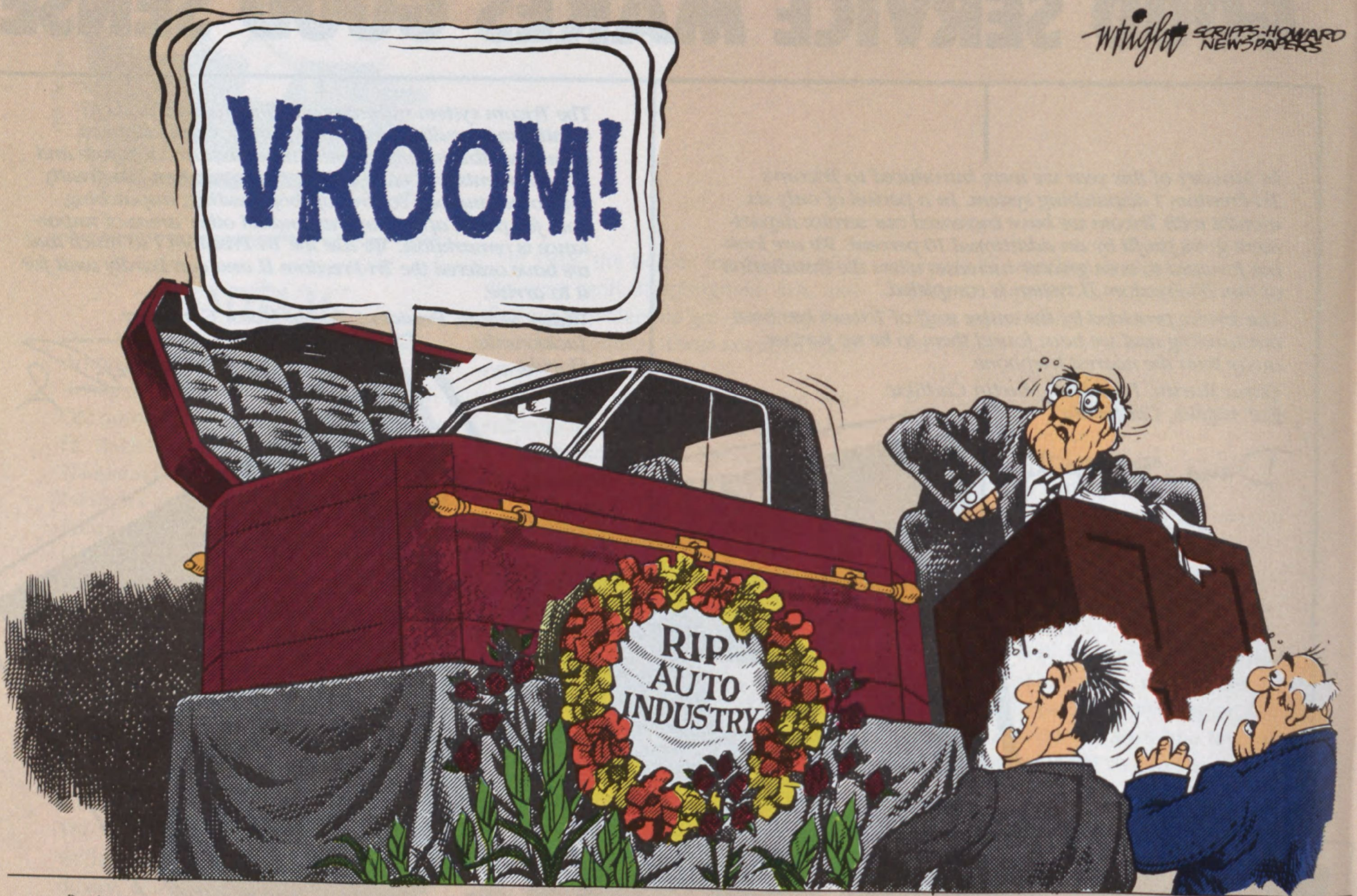
Increased Profits. Tricom's systems offer greater customer satisfaction and increased bottom line profits that will make your service center the number one profit center in your dealership. To arrange for your personal consultation, call: (800) 621-6977 Outside California, (800) 621-9579 Inside California.



TRICOM

3364 Arden Road, Hayward, California 94545

(For more information circle #26)



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The Rebirth of Performance

by Ted Orme

"Orwell's predictions for 1984 couldn't have been more wrong. Instead of being under Big Brother's thumb, consumers have emerged from the heavy yoke of safety and emission standards with probably the most exciting array of fun-to-drive machinery ever offered."

General Motors Chairman Roger B. Smith admits he was more than a little taken aback last March when he was awakened by a 1 a.m. phone call. At the other end of the line was an exuberant Corvette owner, so pleased with his new purchase that he felt compelled to deliver a compliment—right to the top.

A tad excessive, granted, but this buyer's response is just one example of the high-pitched enthusiasm breathed back into the marketplace by an emerging generation of performance cars. And it's *not* just buyers who are crowing. Manufacturers and dealers feel alive again after almost a decade of boring cars topped out by crushing recession. At this year's new model introductions and at dealer meetings throughout the country there is once again an electricity that cynics once said had disappeared forever from the car business.

Orwell's predictions for 1984 couldn't have been more wrong. Instead of being under Big Brother's thumb, consumers have emerged from the heavy yoke of safety and emission standards with probably the most exciting array of fun-to-drive machinery ever offered. From traditional high line exotic sports cars to innovative new mid-engine and front-wheel-drive two-seaters, performance is in. And they are affordable. Almost no model or style has been spared some performance option like turbocharging, high-output engines, handling packages, aerodynamic styling and sporty interiors.

What this means for auto and truck dealers cannot be understated. We are off the defense. No more apologies for pokey, unimaginative products. No more watching customers wander into other camps because you did not have "their" car. Now there is literally a car for every taste; a car packed with personality and character; a car that will once again sell itself. Hallelujah!

No one is happier or more enthusiastic about this turn of events than the Chrysler Corporation. "In the late '60s

and early '70s Chrysler was *the* performance car company," recalls Joseph Campana, vice president of marketing, describing the brutish, hemi-powered muscle cars of that era as "the royalty of Woodward Avenue" (the famous drag and cruise strip in Detroit).

But today, Chrysler has become closely identified with the practical, durable, efficient K-car, which lifted Chrysler from near economic disaster to become the nation's runaway best selling compact—the millionth K-car rolled off the assembly line this August! The company is understandably proud of that feat, but no company, particularly one with the high-performance tradition of Chrysler, can be happy with a purely conservative persona.

"We built the K-car at a time when America desperately needed it," explains Campana. "These cars were perfectly timed in a recessionary nation that wanted basic, solid-value transportation with durability, easy maintenance, good resale value, low warranty cost, high gas mileage—all the things that make a car a great value. But today, people are interested in rekindling their love affair with cars, and we are giving them some pretty neat cars to love."

Chrysler will continue to keep pressure on the competition in the people-mover category with the introduction of its innovative new minivans, the Dodge Caravan and Plymouth Magic Wagon, due this January. The real excitement, however, at least among enthusiasts, is Chrysler's reentry into the performance arena with the all-new Chrysler Laser and Dodge Daytona.

Campana is quick to draw a sharp distinction between this new breed of

performance car and the muscle cars of yesterday, which got about 6 miles per gallon and often carried insurance premiums that matched the price of the car. The Laser and Daytona will be "affordable, safe, quick, fuel-efficient; they will have excellent handling and braking characteristics; and they will have an overall enticement that says 'fun to drive,'" he explains.

"We pioneered this kind of car a year ago with the introduction of the Shelby Charger, which followed the Charger 2.2. These cars were the first of their breed. They show that an American company building with today's and tomorrow's technology can deliver a front-wheel-drive sporty car that will give you zero to 50 mph performance in the high 5-second range while, at the same time, giving you 25 mpg in the city and 40 mpg on the highway. And you can buy that car for around \$8,000. That's what we mean by performance at Chrysler.

"What we are looking for with these kinds of cars is not only the young, but the young at heart," Campana continues. "These cars appeal to a much broader range of buyers because of our unique definition of performance. We think we are the industry leaders in terms of tomorrow's technology."

If you doubt Chrysler's confidence, just listen to their advertising themes for 84: "We are Dodge. An American Revolution," "Match it! If you can." (Plymouth), and "The competition is good. We had to be better," (Laser), complete with Black Forest setting and direct comparisons to the Porsche 944.

The latter theme is particularly true. Laser and Daytona will be competing head-on with what *Car and Driver* magazine calls the "Ten Most Wanted" cars—"the hottest, best-balanced, and widest-ranging pack of sports coupes in history." In this group the *C&D* editors include the Chevrolet Camaro Z28, the Datsun 280-ZX Turbo, the Dodge Shelby Charger, the Ford Mustang GT, the Ford Thunderbird Turbo, the Mazda RX-7, the Porsche 944, the Renault Fuego Turbo, the Toyota Celica Supra and the

"People are interested in rekindling their love affair with cars, and we are giving them some pretty neat cars to love."

Volkswagen Scirocco. Though not directly comparable in every sense, *C&D* correctly predicts, "These cars will be going at it hammer and tongs out there."

Easily added to that list are the Mitsubishi Starion and its variant, the Dodge and Plymouth Conquest, the Isuzu Impulse, Audi Coupe, Honda Prelude, Datsun 200SX, and traditional performance standouts like the Alpha Romeo GTV and Spider and Fiat sports cars, resurrected this year as the Bertone X1/9 and Pininfarina Spider.

Not about to let anyone steal the peach pie, Pontiac joins the fray with its new mid-engine, plastic-skinned Fiero. A true sports car by any definition, the Fiero comes right on the heels of GM's highly acclaimed Camaro/Firebird performance combo and the knock-your-socks-off new Corvette, giving GM some strong ammunition for every price segment of the performance market.

"These cars cast a glow over the entire GM line," says Robert Lund, GM vice president for sales, "and they show the world that GM is still the leader in automotive technology. Even the average guy with four kids, who maybe can't afford these models or whose family circumstances are such that he needs something different, has to admire and appreciate these cars." And the dealers, he says, "can't help but be overjoyed when they have a Corvette, Camaro or Fiero to sell."

Lund admits that during the big push for greatly improved fuel economy and emissions "the business lost some of its romance, its excitement. But we have come through that stage," he says, "and now we can get back to building things that people with gasoline in their blood would like to see."

One of those things people couldn't see enough of in 1983 was the Pontiac 6000STE, which provided GM with convincing evidence of the demand for mid-priced performance sedans. Though competing in a market traditionally dominated by Audi, BMW, Saab and Volvo—all of which recorded healthy sales increases in '83, the 7,000 STEs produced were snapped up quicker than Grandma's new grits. For 1984, Pontiac will build 20,000 STEs.

To enlarge their own piece of the per-

formance group action, which gets hairier and more competitive all the time, Chrysler is adding turbocharging to the E-Class and Dodge 600ES; BMW counters with an all-new 318i to go with the 533i introduced last year; Audi debuts its ultra aerodynamic 5000 and adds turbocharging later this year; Saab, the pioneer of the modern turbocharging revolution, continues to refine its highly respected fleet; and Volvo plans turbocharging for its exciting new 760GLE. VWoA continues to refine the very successful Rabbit GTI, which is generally acknowledged as the performance standard-bearer of its class.

But no turf is safe. Like a prize fight, with punches and counterpunches, faints and jabs, Audi goes hunting in the luxury sedan market with its new 5000, while Mercedes takes aim at Audi and BMW customers with its smaller, more sporting 190 series and gives its big sedans more oomph with a stronger 5-liter V-8. Even the exotics are getting in the act, with Maseratti bringing its smaller and less expensive but very high-powered BiTurbo sedan to these shores.

The Japanese, already highly competitive in the sports coupe category, are also making steady inroads into the sporting sedan market with the Datsun Maxima, Toyota Cressida and Mazda 626, *Motor Trend* magazine's "1983 Import Car of the Year." Lurking near this group is the Toyota Camry, Honda Accord LX and Nissan Stanza, none of which can be called mundane.

Ford has its own performance formula which reaches from top to bottom. The new Lincoln Mark VII, for instance, will offer an optional handling package and fuel-injected 5-liter V-8 for "driving enthusiasts." The Thunderbird Turbo is leaving a heavy footprint in the sporting coupe class, while the pavement-ripping HOV V-8-powered Mustang/Capri continues to straighten hair. And this year, Ford adds turbochargers to the Escort/Lynx and EXP/LN7 to liven up their performance significantly. That gives the company everything from the meat-and-potatoes raw power preferred by the working class to more fuel-efficient

or more luxurious "driver-oriented" cars appealing to more sophisticated interests.

The strategy here is simple, according to Louis Lataif, vice president and general manager of Ford. "I think the 'driving' mentality is finding its way into a much broader cross-section of society, and Ford wants to be there with the cars." He credits this rebirth of interest in performance to the 5-liter Mustang, which he says "surprised the dickens out of the entire industry" when it premiered in the fall of 1981 by proving "that even in the worst of times there is still a very substantial demand for responsive cars that are active rather than passive transportation."

But in the long term, Lataif says, "The market will move more to cars with good handling, suspension and responsiveness, not just brute force. If we can develop the same sporty response and the same driver satisfaction from turbo-powered 4-cylinder engines, then obviously that's the way to go."

For dealers, as well as manufacturers, the rush to innovative new performance cars has been a learning experience. "The dealers are now telling me they have to demo a lot more and spend more time on the product specs. They aren't just selling the deal anymore," says Lataif. "There are more demands on the sales staff, but I have never seen them more excited."

They are particularly excited because now "they have the hardware to attract people who wouldn't normally fashion themselves as Ford buyers," Lataif adds. "And they are beginning to see them in the flesh." At meetings with dealers and salespeople, Lataif reports the dominant subject is not the next rebate program or incentive, it is product.

Product is *the* big news for 1984 and, like the rest of the industry, *Automotive Executive* will be devoting more effort to the subject. We are deploying our scouts to cover all new model introductions and technical and marketing briefings to bring dealers some timely information on this dynamic industry. Because these new model developments no longer occur in an orderly fashion each fall, we will report on them as they happen throughout the year. □

PONTIAC FIERO

As part of an attempt to keep dealers fully informed about developments in an expanded marketplace, *Automotive Executive* is covering new-car introductions more frequently than before. Following are reports filed by five of our writers.

The theme is "Pontiac builds excitement" and, this year, for Pontiac dealers and their customers, that's literally true.

With this fall's introduction of the Fiero sports car, Pontiac Motor Division returns to the car manufacturing business. And this effort promises to return customers to Pontiac showrooms.

Called the P-car, this snazzy new eye-grabber has been under development since 1978. Dealers will welcome the entry because it is targeted at the 25 to 44-year age group which analysts say has the largest disposable income. It's also the age group Pontiac dealers have been missing on the showroom floor.

Built specifically for the expected social situation of 1985-95, the car is targeted at sports car enthusiasts and buyers seeking zippy commuting transportation. (Social scientists see those times with smaller family units, later marriages, and families with working women. All factors have direct impact on dealers.) At full production, Pontiac plans 85,000 to 100,000 units. Pontiac General Manager Bill Hoglund is on record as projecting 1 to 1½ million units over the production life cycle.

Early Pontiac publicity bills the car as a second or third vehicle for upwardly mobile families, rising executives and professional women. From its revolutionary spaceframe and mid-engine design, to its plastic skin and innovative "instrument pod," this new vehicle seems well-positioned for the burgeoning second-vehicle market anticipated for the '80s and beyond.



Built on a 93.4-inch wheelbase and powered by a 92-horsepower 2.5-liter engine, the car is available in two models: an entry level offering driving excitement in a high-style, fuel-efficient car; and an SE model which adds a sports car flair, up-level interior, and a special performance handling package.

Standard instrumentation includes an electric speedometer with trip odometer, tachometer, and gauge group (fuel, voltage and temperature). Chief Design Engineer Ron Rogers' team has even built in a "shift indicator" for drivers who are slow on the uptake. (If you miss the shift point, the engine computer automatically reduces power to prevent burnt valves.) A humbling experience for a would-be "Mario Andretti."

In the growing tradition of single, multi-functional control levers, one column-mounted lever handles turn signals, headlamp dimmer, windshield wiper and washer and optional cruise control.

Surprisingly for a two-seater, the interior seems roomy and well-appointed, even in the base model. Contoured bucket seats with tilting seat backs are standard and, on the high-line model, there are even stereo headphones built into the seat back. The industry's answer to personal stereo—on wheels!

The wedge shape and hidden headlamps are combined with flush glass

surfaces and a compact front end for—that most popular of new high-tech terms—a 0.37 drag coefficient. Four-wheel power disc brakes, aluminum wheels and special tires, springs and struts complete the high-tech handling, body and suspension package for this vehicle.

Perhaps most startling in this new vehicle is its spaceframe. Pontiac compares it to the roll cage of a race car, noting that "as the vehicle comes off the assembly line, without its skin, it fully meets all vehicle and crash standards."

The new plastic "skin" (an injection-moulded, high-strength plastic) is an exciting development for consumers who anguish over dings and dents from shopping center parking. It should give salepeople a *real* selling point, too. The vehicle seems to offer consumers the right combination of performance, durability, and "fun-to-drive" capabilities that Pontiac dealers have wanted for so long.

Its early press and media reception is probably best summed up in an incident reported in *Automotive News*. It seems that a "shadow" company in California began offering a "Fiero Owners Club Handbook" that had an amazingly exact relationship to the press preview handbook distributed at the recent long lead new model event in Detroit. Traced to its origins, the Fiero Owners Club had the same address as that of a freelance writer who had attended the press event. Bruce MacDonald, Pontiac PR Director, noted with appreciation the effort to form an owners club for a car that was not even available yet, but added the credit belonged with the Pontiac people who put that book together in the beginning.

Dealers should get the car in mid-fall, according to Pontiac. It's something they may want to celebrate with a special event.

—Pete Lukasiak ■

CLOSE-UP

MERCEDES 190



At the press introduction of the new Mercedes 190 this summer, Hans Jordan, vice president of marketing for Mercedes-Benz of North America, pointed out that, according to independent customer satisfaction indexes and product analyses, "the market views Mercedes-Benz to be ahead of everybody else in every respect." He also noted that the cars enjoy the highest rate of customer loyalty and the highest rate of sales conquest over other makes in the industry. Because of this, the company can boast of steady sales increases even through a recession that set many auto manufacturers on their ears.

Why, then, tamper with success? Why introduce a revolutionary, smaller, sportier model to Mercedes buyers with a traditional preference for large cars?

The initial motivation came from the U.S. Corporate Average Fuel Economy (CAFE) requirements, explained Jordan. But the overriding reason was a change in market demand. Even with the smaller, lighter, more fuel-efficient 190, Mercedes will face some difficulty achieving the 27.5 mpg CAFE for 1985. Despite that, Jordan says the company has decided to "offer what the market wants and face the consequences later."

Mercedes will gear its 190 marketing and advertising efforts at a younger demographic group in hopes of lowering the average age of buyers by at least five years. The average 240D buyer is 45 years old. "The earlier you get them, the longer you keep them," explains Jordan, "and younger buyers talk it up more." The company also feels its reputation and high conquest rate will result in many first-time buyers, while the 20 percent of current owners who own more than one Mercedes will grow to perhaps 25 percent.

With the 190, Mercedes officials say they have achieved their goal of bringing to market a smaller, more fuel-efficient Mercedes with front-seat dimensions nearly the same as the 240D it replaces, and with ride, handling, safety and comfort equivalent to its S Class sedans. At 2,645 pounds, the 190 is 600 pounds lighter than the 240D and 900 pounds lighter than the 300D. Its sleek exterior is unmistakably Mercedes, with a very slippery drag coefficient of 0.35.

"But these cars are more than unsanforized 300SDs," says Mercedes. "Their five-link rear suspension gives them roadholding that puts them in the sports car class. Those all-important ratios, power-to-weight, transmission and rear axle, yield responsive performance beyond what's expected from the straight horsepower figures themselves."

The 190D will be powered by a 72 hp, 2.2-liter diesel which yields an EPA rating of 36.5 mpg city and 47.6 mph highway for the automatic transmission and 35.8/54.7 for the 5-speed manual. The 190E features a 113 hp gasoline four cylinder rated at 22.5/31.5 mpg for the automatic and 21.4/35.3 for the 5-speed. The sales split between diesel and gas will be 50/50 initially, becoming 60/40 in favor of the gasoline engine next year.

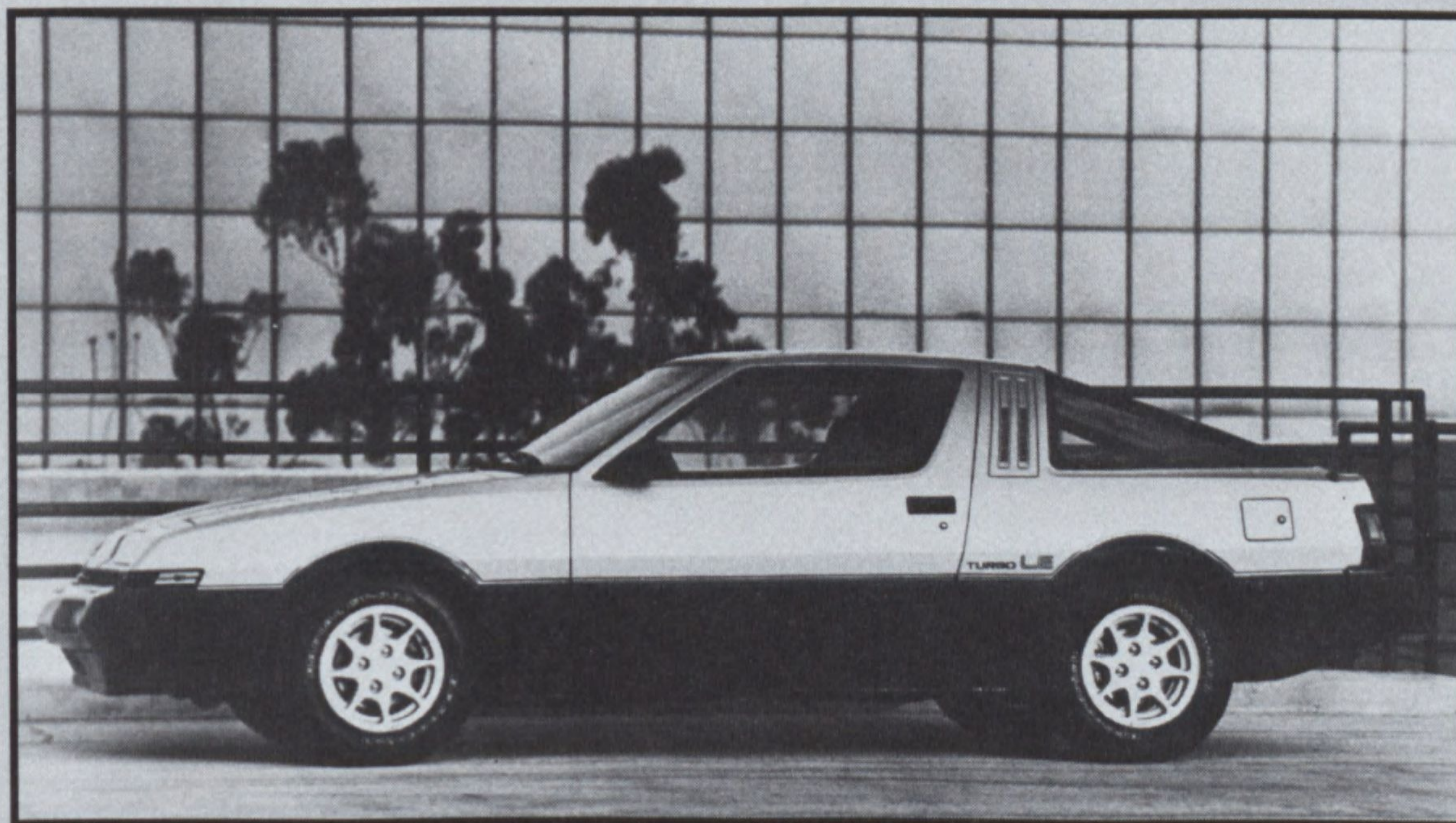
Approximately 5,000 190s will be available for sale in the U.S. during calendar year 1983, and about 18,000 in 1984. As far as price, Mercedes officials would only say the 190 will be comparable to the current 240D (approximately \$23,800).

For 1984, Mercedes will also offer a 5-liter V-8, instead of the 3.8-liter V-8, in the 500SEL and 500SEC, and the 380SE will be offered as a gasoline-powered alternative to the 300SD. Both moves are a response by Mercedes to a shift in demand to more powerful gasoline engines. Aside from those changes and some running refinements, the remainder of the Mercedes line remains relatively unchanged for 1984. As the company is fond of saying, "Novelty is not pursued for its own sake." ■

—Ted Orme

CLOSE-UP

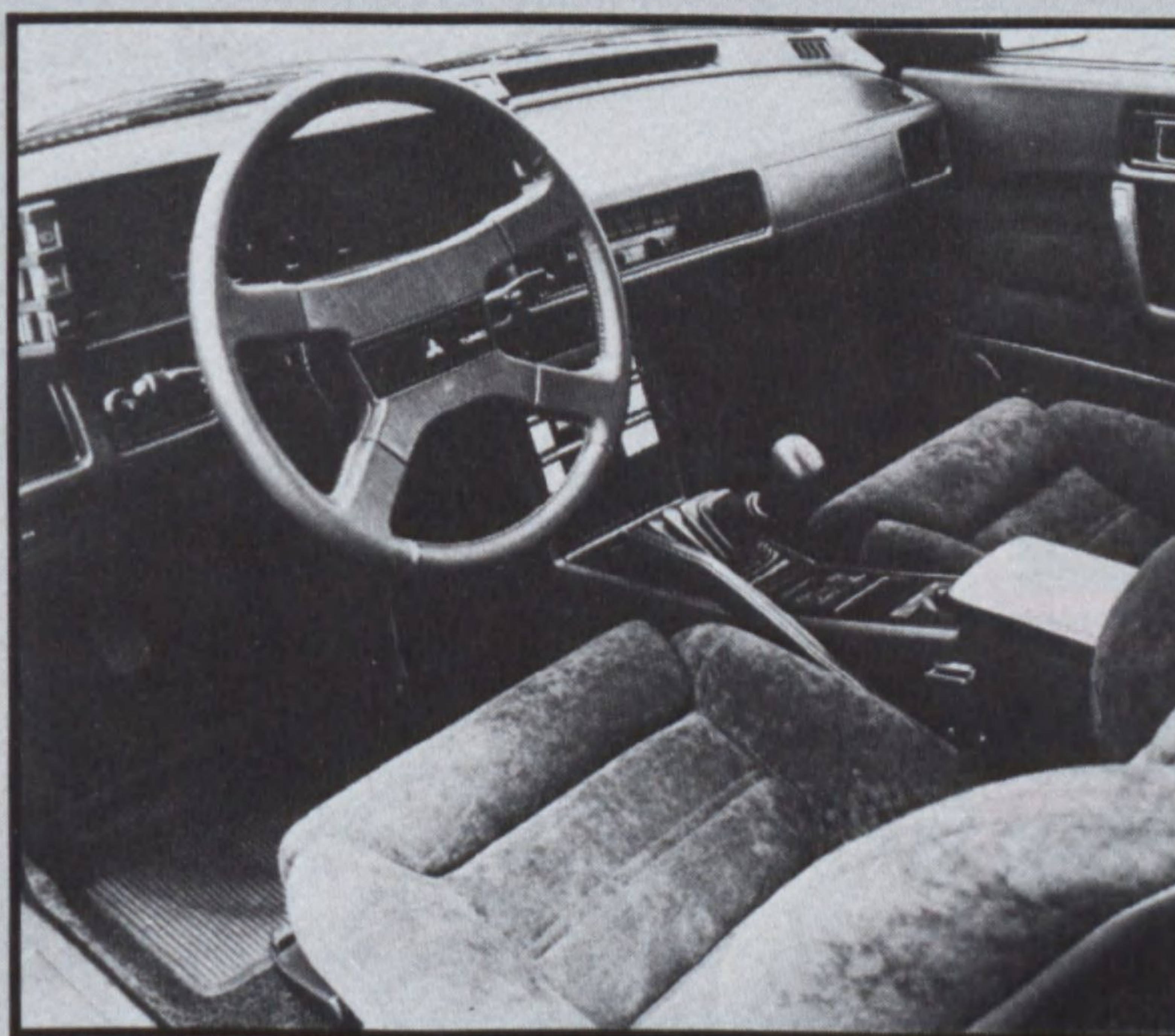
MITSUBISHI STARION



Mitsubishi Motor Sales of America isn't introducing an all-new model this fall, but the changes in its '84 lineup are more than run-of-the-mill product refinements. With turbocharged versions for each of the company's car and truck lines, Mitsubishi now boasts the first all-turbo product line in the U.S. market. Across-the-board turbocharging is a key element in Mitsubishi's model segmentation strategy for 1984, whereby versions of each car—Starion, Cordia and Tredia—have been designed and equipped to appeal to specific groups of buyers.

The sporty turbocharged Starion, Mitsubishi's flagship, will be available in LS (affordable), LE (luxury) and ES (sport) versions. In order to simplify the purchase process, many high-demand items that were previously optional have been added as standard, which also puts Starion a step farther into the sport/luxury segment.

Both the two-door Cordia hatchback and the four-door Tredia sedan are available with a 1.8-liter turbocharged engine, while the three non-turbo base,



L and LS models get a new, larger, 2.0-liter engine. The Cordia Turbo and Tredia Turbo will be set apart with black trim, cast alloy wheels, special interiors, different suspension tuning, and optional paint treatments. The fuel-injected turbocharged engine—which increases Tredia/Cordia horsepower by 41 percent over the '83 models—was developed for Mitsubishi Motors Corp. by Mitsubishi Heavy Industries, which has more than 40 years of experience in turbocharger research and development.

While the turbo version of the Cordia and Tredia does not provide the kind of performance typically associated with

turbocharging, Mitsubishi executives say they are betting on the long-term future and acceptance of turbo technology in enhancing the performance of small, fuel-efficient powerplants. They also hope that being first in the market with an all-turbo line will further Mitsubishi's image as a technology leader.

With a quota of 30,000 passenger cars under the voluntary Japanese trade restraints, Mitsubishi Motor Sales of America is not planning any sizeable increases in its dealer body, though some points will be added within the 23 major import markets in 13 states currently serviced. ■

—George-Ann Rosenberg

Since 1919, GMAC has helped more people buy new GM cars and trucks than anyone else in the world.

Actually, the total number of vehicles we've financed is impressive. It's over 93 million. For a grand total of more than 266 billion dollars in retail credit extended.

These noteworthy results represent the efforts of a lot of people. Like General Motors Dealers. Our dedicated

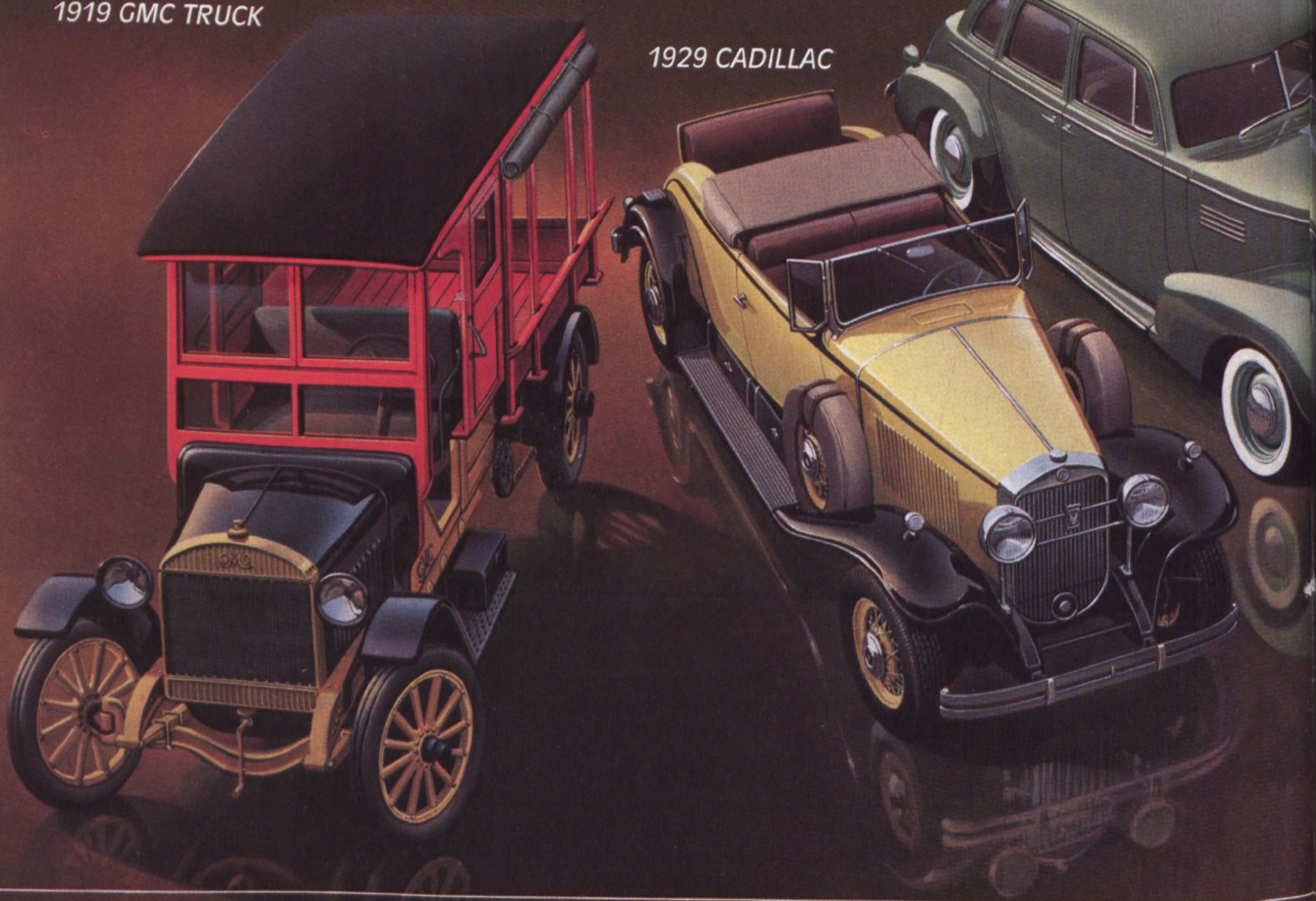
employees. And the Buick, Cadillac, Chevrolet, GMC Truck, Oldsmobile and Pontiac Divisions. They've produced some pretty fantastic cars and trucks over the years. Vehicles that have been just what consumers have wanted. From the economical — to the luxurious.

We'd like to congratulate General Motors on their 75th anniversary. We are proud that GMAC has helped contribute to their success and look forward to helping still more people buy GM cars and trucks in the years to come.

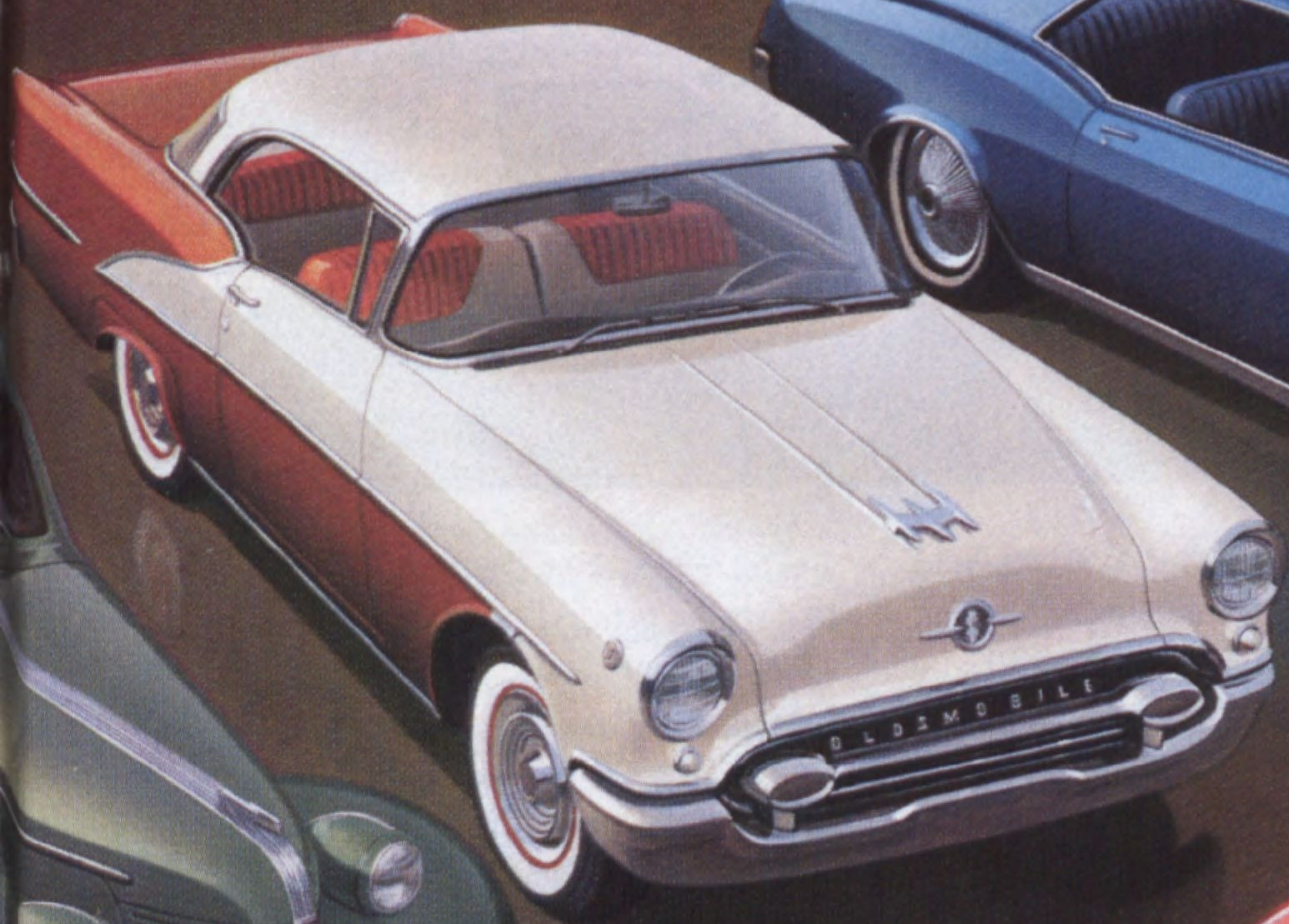
1939 PONTIAC

1919 GMC TRUCK

1929 CADILLAC



1955 OLDSMOBILE



1967 BUICK



1984 CORVETTE

Alan Wilson

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(For more information circle #11)

CHRYSLER IMPORTS

Dodge and Plymouth have expanded their coverage of the import car market by introducing a new high-performance sports coupe, a 7-passenger subcompact wagon, and the new GTS and GTS-Turbo versions of the Colt 3-door hatchback in their 1984 lineup. A preview of Chrysler's 1984 model cars imported from Mitsubishi took place July 28 at Bridgehampton International Raceway on Long Island.

"We're promoting these cars more as imports than as Plymouths or Dodges," says Darrell Davis, general manager of Chrysler's import group. "They'll attract some buyers into our dealerships whom we're currently missing."

At the top of the line-up is the Conquest, a 5-passenger sports coupe aimed at "sophisticated high-performance enthusiasts who have a definite preference for imported specialty cars," Davis says. Almost identical to the Mitsubishi Starion, the Conquest features a 2.6-liter turbocharged engine, 4-wheel independent suspension and aerodynamic styling.

Conquest's drag and lift characteristics are among the lowest in the industry, giving it extremely good stability and maneuverability in the higher speed ranges (as a test drive at Bridgehampton attests). The long nose section is slanted from the low-angle windshield to the neatly trimmed grille. Bumpers, retracting headlamps, doors, lift handles and C-pillar vent garnish are flush fit. A large front air dam lowers the effect of lift force, keeping the front end glued to the road. All these design features contribute to Conquest's low drag coefficient of 0.35 and lift coefficient of 0.26.

Performance is enhanced by Conquest's "Clean Air Jet Combustion System." Each combustion chamber is equipped with a special jet valve in addition to regular intake and exhaust valves. The jet valve injects an extra supply of air, creating a swirling, extra lean mix for faster, even combustion.



Conquest

Conquest's turbocharger is compact, with small diameter intake, making it responsive and capable of building RPMs at a rapid rate. Turbo boost starts at about 2,000 RPM, with virtually no lag.

Although a true driver-oriented sports car, the Conquest is equipped with a wide array of luxury conveniences. These features include electric remote sideview mirrors, front bucket seats with lumbar support, analog instrument cluster and cast aluminum wheels.

The peppy new 7-passenger, 5-door Vista wagon features unique 2+3+2 seating, which provides a wide range of interior configurations. Backs of the second and third split-bench seats can be tilted forward to reduce seating capacity from seven, five, four, three or two, depending on cargo hauling requirements. Center and rear tier seatbacks also fold to form a single or double bed.

Equipped with a 2.0-liter Mitsubishi "Clean Air Jet" engine, Vista has MacPherson strut and coil front suspension, coil rear suspension and power-assisted front disc-rear drum brake system.

Colt Vista's economical twin stick manual transaxle is standard, providing a total of eight forward gear ratios—four in economy and four in power modes. It is also available with an optional 5-speed manual overdrive, or electronically controlled 3-speed automatic transaxle.

The Vista, says Davis, "should appeal to family groups, businesspeople and other buyers who want driving fun, maximum carrying capacity and versatility in their personal vehicles."

The third new offering from Mitsubishi is the popular Colt hatchback, now available in GTS and GTS-Turbo versions. "This gives our dealers an appealing, moderately priced sports specialty car for younger import buyers," Davis says.

Both versions are equipped with black bumpers and trim, special suspension systems with gas-charged front shocks, front and rear anti-sway bars, front air dam, bodyside stripes and other performance-oriented features. The GTS is powered by a 1.4-liter engine. The peppy GTS-Turbo—which clocks from 0 to 60 mph in 8.13 seconds—features a 1.6-liter turbocharged powerplant with electronic fuel injection.

All Colts come equipped with rack-and-pinion steering, fully reclining front bucket seats, 4-wheel independent suspension and flow-through ventilation. The GTS-Turbo has other extras, including Michelin XVS tires, halogen headlamps and rear spoiler. ■

—Gary James

TOYOTA VAN WAGON

Toyota, which showed off its nine lines of 1984 cars and trucks in August at Laguna Seca Raceway in California, apparently will finish first in the auto industry's race to deliver a new generation of minivans—downsized versions of the big vans.

Look for Toyota's entry, the Van Wagon, in American showrooms by the first of October, but only in limited numbers. Toyota shipped 3,000 of them in September, which works out to fewer than three per American dealer. Thereafter, Toyota plans to ship 3,000 a month and hopes to sell 30,000 in 1984.

The trick—and Toyota seems to have accomplished it—was to produce a roomy, fully windowed van that would seat seven persons, to at least double the gloomy fuel-economy numbers of the big vans, and still provide enough power to keep up with traffic.

On the Laguna Seca track, a five-speed stick version of this 14.5-foot zoomy looking van showed surprising spunk through the gears to this driver, who was expecting the whining underpower of, say, the earlier VW bus. Toyota went to its commercial-vehicle department and came up with a 2-liter, 4-cylinder overhead valve engine with fuel injection, which sits just behind the van's front axle in the mid-engine position. The van weighs under 3,000 pounds and seems a foot shorter than the big vans.

And Toyota is pleased at preliminary EPA fuel-economy figures: 25 mpg city/31 highway for the 5-speed, and 24/30 with automatic transmissions.

At first glance, the van's radically sloped front windshield—it dives downward from the roof at a 40-degree angle and drops almost to the driver's knees—gives it the look of an experimental vehicle dreamed up by an engineering student. The whole body leans forward with what used to be called a "rake."

Size notwithstanding, the Van Wagon's real accomplishments are inside. Twin sunroofs are available on LE models (manual front opening and electric rear) with front and rear air-condition-



The Camry, which was unveiled in mid-'83 and is perhaps the finest all-round car in the line, has a model this year that features a turbocharged diesel (not available in California), providing a maximum 73 horsepower from the 1.8-liter engine (the other Camrys come with a 2-liter fuel-injected engine that is quite quick). The 18 models of Toyota trucks include an extended-cab model, the "Xtracab," which adds another 9 inches behind the front buckets.



ing and heating units. Carpeting is wall-to-wall, visibility is vast and tinted glass is standard, with a darker "privacy" glass available on LE models. There's even a small refrigerator and icemaker alongside the driver.

Price? Toyota wasn't saying in August, but estimates range in the \$10,000 to \$12,000 range. And Toyota won't have the minivan market to itself for much longer than it takes to blink. Chrysler's minivan, the T-115, which comes with a 112-inch wheelbase as opposed to the Van Wagon's 88 inches, will arrive sometime this fall, and Mitsubishi and Nissan are not far behind with their entries. Other American entries are expected next year.

Elsewhere in the '84 line, the standardbearer Corolla has been upgraded to include new front-wheel-drive models and racy Sport SR5 models, leaving the bread-and-butter chores to the Tercel line, which adds a FWD wagon to its six-model line.

Toyota seems most proud, however, of its struggle to cut maintenance and servicing chores in its entire line. Spark plugs, for example, are platinum-tipped and reportedly good for 60,000 miles. The "Integrated Ignition Assembly" combines distributor, coil and ignitor in a single sealed unit. You change the oil on a Toyota every 10,000 miles, claimed as the longest interval in the industry.

Oddly enough, Toyota executives at Laguna Seca did not even seem to recognize a sales problem in the industry. "Last year we sold 140,000 small trucks (in the U.S.)—the biggest year ever for us—and this year we'll sell 160,000, an enormous increase," says one executive. "There's no question that we could sell more of every type of Toyota. A year ago, that wasn't true. In fact, September is going to be vacation time for dealers because all we've got left to sell are dogs and cats." □

—Steve Spence

Business in Print

Excess Profits

"Excess Profits—The Rise of United Technologies;" by Ronald Fernandez; Addison-Wesley Publishing Co.; Reading, MA; 1983; 320 pages; \$16.95.

The latest entry in the race for your business book dollars is *Excess Profits*, and it offers something in the way of a tidbit for virtually everyone in business: sales and marketing, accounting, research and development, administration, credit management and corporate take-overs and buy-outs.

Generally well-written and researched throughout its nine extensive chapters, the book maintains a good pace and flow by tracking the history of the company under study, United Technologies, through public sources. There are, however, no private statements or interviews to enliven or shed

additional light in some areas, because the book is definitely not an authorized history of the company.

United Technologies is a giant corporate conglomerate that owns, among other companies, Pratt & Whitney Aircraft (the largest aircraft engine manufacturer in the world), Otis Elevator, Carrier (air conditioners) and Sikorsky. United Technologies is the 20th largest industrial corporation in America, and grosses about \$14 billion annually.

The author failed to get insiders' views because he shows, warts and all, how the company has operated over its history. In some cases it has used sharp business practices, and in a few instances these practices have been illegal. For the most part, however, United has been no better or worse than many giant corporations.

Although the author clearly doesn't consider the word "profits" to be obscene, he does do a bit of moralizing on the subject. Fernandez considers profits to be excessive when a company can get a third party to foot the bill for capital construction, persuade the government to allow the company a tax write-off for the construction, and then produce products that are sold to the government at a profit within the factories so constructed. United did this during World War II. And, according to the author, United also provided Japan with the prototype of the Japanese Zero, considered one of the finest and most notorious aircraft of the period.

There are probably few businesses of any size that would not attempt to do the former at any time. And, as to selling potential war equipment to possible enemies, our government has been able to decide only in the most clear-cut cases just what constitutes potential war equipment. And the government has had even less success in indicating who a potential enemy might be.

The author questions whether conglomeration is an "acceptable form of growth." He might be surprised to learn that he's asking the wrong question. He should be asking, "Is it the most efficient form of growth given today's complex economy?" If it is, then nothing will change the nature of conglomerates short of the most massive business and tax legislation the nation has ever seen. If it isn't, then it's more likely that the conglomerates themselves will initiate the change.

If you're mid-level management or more senior in a large company, *Excess Profits* is well worth reading—if only to learn the pitfalls and the ways around them in managing a sizable corporation. While the book is less appropriate if you own or manage a small company, you still might be interested in seeing how a company no larger than yours became a giant. □

This column is prepared as an automotive exclusive for Automotive Executive by Henry Holtzman, a nationally known business writer. All comments or questions pertaining to this column should be mailed to: Business In Print, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593.

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The Service Department

Personalized Service

It has been one year since I started writing this column for *Automotive Executive*. In that time I've covered many topics, but if I had to choose one common denominator, it would have to be personalized service. If you can provide a personal touch at your dealership, you will succeed where others have failed.

In this age of highly competitive dealers, independents and mass merchandisers, managers have a tendency to focus on shortcuts, streamlined operations and reduced services at higher prices. These are defensive tactics that may help with immediate goals, but do little for customer retention.

Personalized service, once so predominant, is now being reinstated by business people who are aware of customers' needs and what it takes to keep their business. Achieving personalized service requires that all of your dealership personnel be aware of your goals, be trained in the correct procedures and be monitored on a regular basis.

When a customer enters your service department, he or she should be greeted with a smile and a "Good morning, nice to see you again. What can we do for you today?" Whenever possible, use the customer's name.

Part of personalized service is to repair a car to the customer's satisfaction. One of the basics of this is to complete the repair order properly. When writing the repair order, be sure you have diagnosed the customer's problem correctly. Always ask the who, what, where, when and how questions. Since diagnosis is a major part of proper service, it is imperative that desk personnel read the same factory bulletins and training manuals as the technicians.

Always explain to the customer the repair to be performed so there is no misunderstanding. After the customer has stated his or her needs, it is your turn to inquire about additional services that may be needed, but be careful not to oversell. Agree on a price and quote your best estimate of the actual total.

Establish the method of payment, time promised for completion, warranty on repairs, and how far above the estimate you can go before calling for an additional OK.

Write in all the information you have obtained on the repair order. A well-designed repair order form should have all these items ready to be checked off or filled in. Try to quality-check every job, but pay special attention to complaints, comebacks, high-priced jobs and cars being prepared for a trip. Have a quality control rubber stamp made and use it on all repair orders. The stamp I use says "Quality Assured" in large print. Underneath it is a space for initials of the person who inspected the completed job.

Even with all good practices and intentions, sometimes problems arise. Always face the problem honestly both with yourself and the customer. Call the customer if there is a change in the agreement that affects price, time or warranty. Explain the changes in detail and remind the customer of the initial agreement. Note on the repair order the changes agreed upon. Whenever possible, be available when the customer picks up the vehicle. The customer feels more secure if he or she gets an explanation and a personal thank you from the person who generated the repair order agreement. It seals the deal and opens the door for future relations.

Establish a customer satisfaction fol-

low-up system. Train someone to call customers who have been in for service in the past couple of days. Ask the customer if all the repairs were completed properly, if the car was ready on time, if it was returned in clean condition, and if the final price was the same as quoted in the estimate.

This survey has several very important benefits. First and foremost, it shows the customer you care. Second, it gives the customer an opportunity to express his or her opinion of your dealership. People tend to be more honest and critical over the phone than in person. Use the information obtained from these responses to correct deficiencies in your department and bolster your relations with the public.

The person conducting the survey must be properly trained in phone manners, voice inflections and exactly what to say in response to questions posed by customers. The interviewer must be able to back out of a conversation gracefully and then refer a complaining customer to someone who can handle the situation properly. This system is more effective than the usual business-reply cards given to customers after service. Customers often don't complete the reply cards and mail them because they believe no one reads them anyway.

Personalized service is an attitude that should be formalized into a system. It is probably the most important item in a customer's decision to return to your dealership. It cannot be ignored. ☐

This column is prepared exclusively for *Automotive Executive* by Ron Joffe, Service Director, Straub Motors Inc. All questions or comments pertaining to this column should be mailed to: **The Service Department, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3953.**

Calendar

October

4 to 6. Electric Vehicle Council Expo '83, Hyatt Regency Hotel, Dearborn, MI

9 to 12. Automotive Parts Rebuilders Association 1983 Exposition, Hartford Civic Center, Hartford, CT

13 to 18. New Jersey Automobile Dealers Association Convention, Boca Raton Hotel & Country Club, Boca Raton, FL

14 to 16. 20th Northwood Student Automotive Show, Northwood Institute, Midland, MI

15 to 23. New England International Auto Show, Hynes Auditorium, Boston, MA

16 to 20. National Conference for Automotive Technology, Daytona Hilton Hotel, Daytona Beach, FL

20 to 22. Montana Automobile Dealers Association Convention, The Outlaw Inn, Kalispell, MT

26 to 30. Rhode Island International Auto Show, Providence Civic Center, Providence, RI

27 to 30. New York State Automobile Dealers Association Convention, Vista Hotel, New York, NY

28 to 30. First Hawaiian Auto Show, Neal Blaisdell Arena and Exhibition Center, Honolulu, HI ■

November

2 to 4. SEMA/Auto Internacional Trade Shows, Las Vegas Convention Center, Las Vegas, NV

2 to 5. Florida Automobile Dealers Association Convention, Contemporary Hotel, Lake Buena Vista, FL

3 to 9. Utah Automobile Dealers Association Convention, Kauai Surf, Kauai, HI

5 to 13. South Florida Auto Show,

Miami Beach Convention Center, Miami Beach, FL

11 to 27. Indianapolis Auto Show and Sale, Indiana State Fairgrounds, Indianapolis, IN

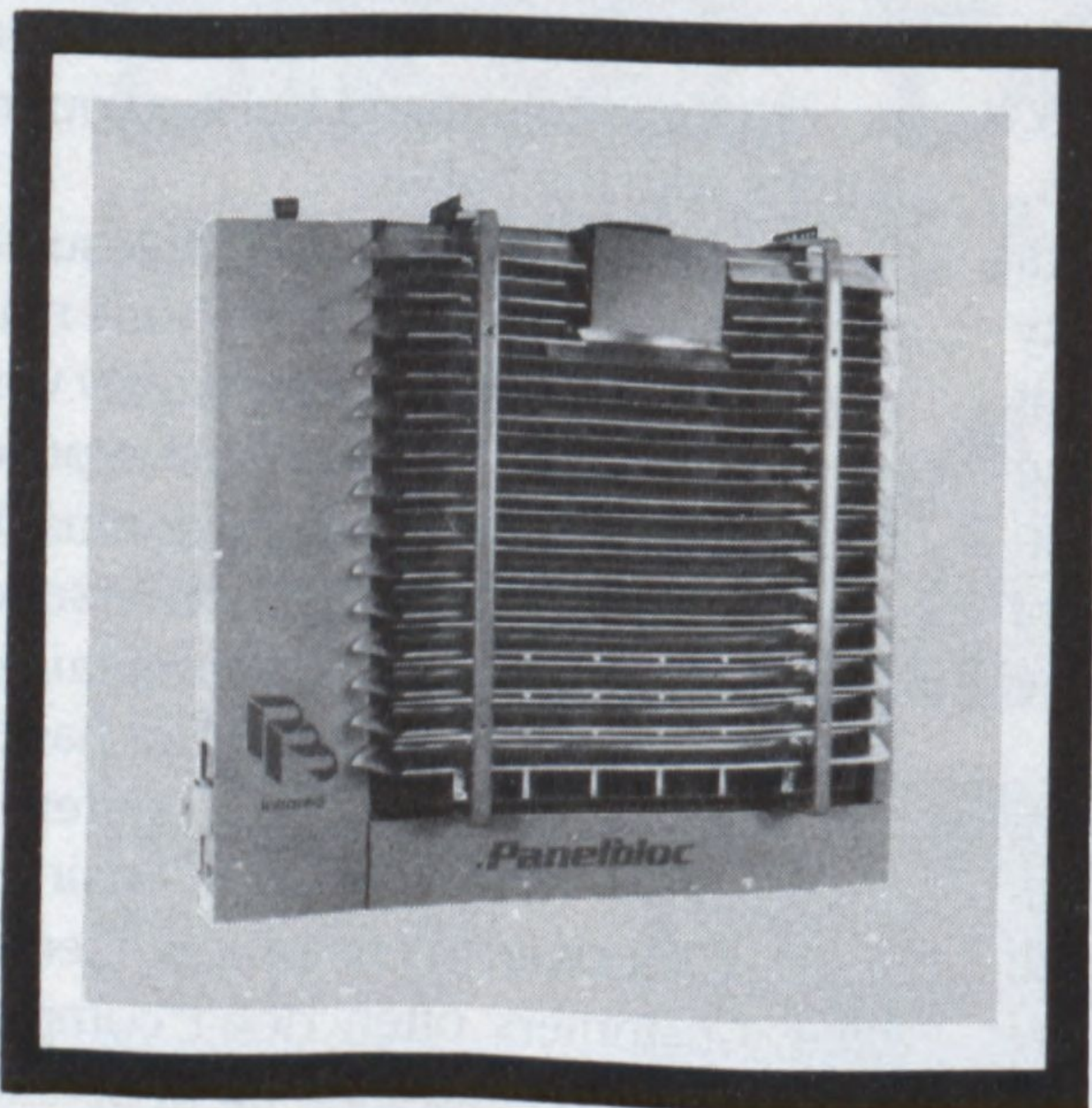
16 to 20. Seattle International Auto Show, Kingdome, Seattle, WA

17 to 20. Hawaii Automobile Dealers Association Convention, Sheraton Waikoloa, Kona, HI

18 to 20. 15th Annual International Auto and Truck Show, San Antonio Convention Center, San Antonio, TX

27 to December 2. Minnesota Automobile Dealers Association Convention, Contemporary Hotel, Lake Buena Vista, FL

29 to December 2. Recreation Vehicle Industry Association's 21st Annual RV Show, Kentucky Exposition Center, Louisville, KY □



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Improving the Image of Trucking

The image of the trucking industry held by the media, politicians and the public in general is poor and needs improvement. This negative image is not just limited to the erroneous impression that heavy trucks "tear up the highways," but includes many other aspects of the industry as well. The trucking industry, including dealers, is hurt by this bad image, and must work to counteract it. ATD and individual dealers can help solve the problem.

The public perception of the industry is based primarily on the behavior of truck drivers, who are perceived as unsafe, uncaring and inconsiderate of other vehicles on the road. Truck drivers who tailgate, speed and make rapid lane changes contribute to this impression. Trucks are seen as unsafe because of the splash and spray they generate in rainstorms. The public also perceives trucks as unsafe due to "scare" stories in various media on the dangers of increased truck sizes and weights.

Politicians and media opinion leaders are aware of the poor public image of truckers and trucking. Legislators reflect the views of the public, but also have a bad impression because they see truckers as being unconcerned about their impact on the public.

This poor image has had a direct negative effect on the political effectiveness of the trucking industry. On both the national and state level, legislators have become less sensitive to the needs and interests of the industry. In addition, the negative image has affected morale and how people in the industry feel about being involved in trucking.

The railroad industry is partially to blame for the problem. It has mounted a sophisticated campaign to give the pub-

lic the impression that trucks do not pay their fair share of highway costs, and that truck taxes should be raised. The negative image, however, goes beyond this issue, and is a result of the trucking industry not doing an adequate job of presenting its own case.

Two major efforts must be undertaken to solve this image problem. First, the industry must work toward changing the opinions and impressions held by the politicians and media. This needs to be done as soon as possible since many issues affecting trucking, such as further deregulation, taxation, pension liabilities and safety regulations, may be considered by Congress in the coming year. On the state level, taxation and size and weight issues will be hot topics.

Secondly, truck driver behavior on the road must be improved. In the long run, improving driver courtesy toward other drivers will have the greatest effect on improving the image problem with the general public. As the public image improves, a more positive attitude toward the trucking industry will filter up to the politicians. Unfortunately, this process will take some time, so efforts must be made to influence politicians directly as soon as possible.

The message that needs to be conveyed to legislators is that the industry is concerned about the impact of trucks on the highways and other drivers. Although it must be acknowledged that some degree of poor driving by truck drivers will always exist, the industry has to show that it is concerned and is making every effort to minimize the problem. Emphasis should be placed on the safe and courteous-driving programs that are an integral part of trucking company operations. Industry ef-

forts to make safer, more efficient trucks (that have improved brakes and splash minimization devices) should be recognized. In short, the message that needs to be left with politicians is that the industry is working toward solutions to the problem.

ATD has been involved in working toward this objective by joining an informal group of trucking companies, trucking associations, manufacturers, suppliers and others known as the Truck Industry Alliance. The major goal of this alliance is to improve trucking industry image in all areas, and to coordinate the efforts of the various groups in the alliance.

Beyond ATD efforts, individual dealers can also work toward solving the image problems. In their contacts with state or national legislators, dealers should express that they and others in the industry are concerned, and are making efforts to solve the problems. Dealers should mention that the new trucks they sell are safer, more fuel-efficient and less polluting.

Dealers can also help solve the image problem in the long term. With both small fleets and owner-operators, dealers can emphasize the impact driver behavior has on the industry image. Dealers can also get involved with safe-driver programs and events such as driver rodeos. Only by improving driver behavior on the road will the industry be able to garner a better public image, an important consideration since public perception will always affect the industry politically. □

This column is prepared exclusively for Automotive Executive by David Paxson, director of NADA's American Truck Dealers Division. All comments or questions pertaining to this column should be mailed to: Truck Focus, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593.

How Important Is Timing When You Invest?

Given the often conflicting opinions on the direction of the stock and bond markets, interest rates, inflation and the like, investors constantly wrestle with the question of how to best time the purchase and sale of stocks.

The goal, of course, is to buy low and sell high. While it's close to impossible to call market or stock-price turns with absolute accuracy every time, there are tools you can use that may help you sharpen your sense of timing.

Market Timing

Market timing, the technique of predicting when the market or an individual stock may be approaching high or low points, is one way investors attempt to improve the prices at which they buy or sell. Market timing may involve both "fundamental" and "technical" analysis to determine a stock's price direction.

Fundamental analysts believe it is possible to determine the intrinsic value of a stock. They try to determine whether the

price will go higher or lower, based on what the company is *expected* to earn and pay out in dividends. They would recommend buying a stock when it is trading below its intrinsic value and selling when it is trading above that value.

Technical analysts, on the other hand, believe securities prices are determined by supply and demand, which may or may not be related to the intrinsic value of the security. They maintain that price trends can be predicted by studying past price movements, trading activity and similar factors.

As the market has become more volatile in recent years, with wider price swings over shorter periods, many institutional and individual investors have developed a much shorter-term orientation. They have become increasingly attentive to technical analysis—with the idea of market timing and calling market turns—because they are afraid of being caught by surprise in a sudden slide.

However, the market is not monolithic. Much of the time it has internal cycles that are at variance with the trend of the major market averages. An over-reliance on market timing can mean missing out on opportunities.

Other Guidelines

Timing is, after all, just one consideration in making buy and sell decisions. An overall investment strategy is essential.

Market analysts commonly advise investors to avoid "hot tips" or hopping from one fad investment to another. Many suggest that investors concentrate on stock selection, and buy stocks on a value basis when those stocks are out of favor.

Diversification is also recommended. Spread your risk by avoiding concentration on a single line of business.

Always set price objectives whenever you make an investment. If the stock advances as you hope, reassess the situation regularly—especially when the stock reaches your objective. Making the decision to sell a winner can be difficult, but even if the stock continues to advance after you get out, "selling too soon" can help you protect the profits you have already earned.

Deciding when to sell a loser and following through with that decision can be equally difficult. No one likes to admit a mistake, and it can be tempting to hold on, waiting for a turnaround that never materializes or takes a long time in coming.

With every investment, you should consider what could go wrong and at what point you should sell. Some analysts suggest you consider selling a stock once it has dropped 10 percent or so. If you are overly reluctant to take on small losses, you'll probably have to take big ones at some point. You are not only losing money on that particular stock, you're also missing an opportunity to earn profits you might have gained by reinvesting in a better performing stock. □

This column is prepared as an automotive exclusive for **Automotive Executive** by Bill Waters, Director of Marketing Services with Merrill Lynch, Pierce, Fenner & Smith. Reader comments and inquiries should be sent to: **Money Sense, Automotive Executive**, 8400 Westpark Drive, McLean, VA 22102-3593.

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Other Voices

August Issue of Service

I very much enjoyed your August issue spotlighting the service department, so much in fact that I copied the section and distributed it to all my employees.

I also appreciate the expense-reduction items and NADA 20-Group comments. Keep up the good work.

Jack C. Bowker
Jack Bowker Ford Co.
Ponca City, OK

Help Needed in Locating Jack

I thought you might be able to help me locate a manufacturer. Some years ago I purchased an electric automobile jack. Just plug it in a cigarette lighter receptacle, press a button, and it goes up or down. It worked satisfactorily for years until, I guess like me, a large gear in the base lost a few teeth. Last summer I got an estimate from a gear-cutting firm, but

from the price quoted—over \$100—I knew they didn't want the job. I didn't pay near that amount for the whole jack.

I forgot where I purchased it, and the company name came off with peeling paint. While the name was still legible, I sent a letter to "Lectro Jack, Hicksville, NY," but my letter was returned. I looked at the unit again today and found the name "Lectro Jack," Patent No. 3,099,505. That is all the information I have. I would appreciate any help in locating the manufacturer, as the jack was not only practical but was also fantastic.

I thought you might enjoy an account of my use of the jack. When I lived in Florida, my car would not pass inspection until I had a tail pipe replaced. This was done, but the mechanic put the brackets on backwards, and while driving to Maryland on vacation, the tail pipe came loose on Interstate 95. I

found I would have to jack up the car to get the pipe out. I positioned the jack, placed the hooked strap under the rear bumper, plugged it in and, standing in full view on the shoulder of I-95, dressed in clergy garb—Roman collar and all—I pressed the button. A tractor trailer rig nearly jackknifed when the driver hit the air brakes after seeing a car going up for a priest without him doing anything. I suppose he thought some angelic power was lifting the car.

Thank you for any possible help you might be able to give me in getting another gear.

Rev. Martin J. Jung
Edgewater, MD

Editor's Note: Do any of our readers know of this product? Anyone who can help Father Jung in this matter can write to him at P.O. Box 881, Edgewood, MD 21040 or call him at (301) 679-8623.

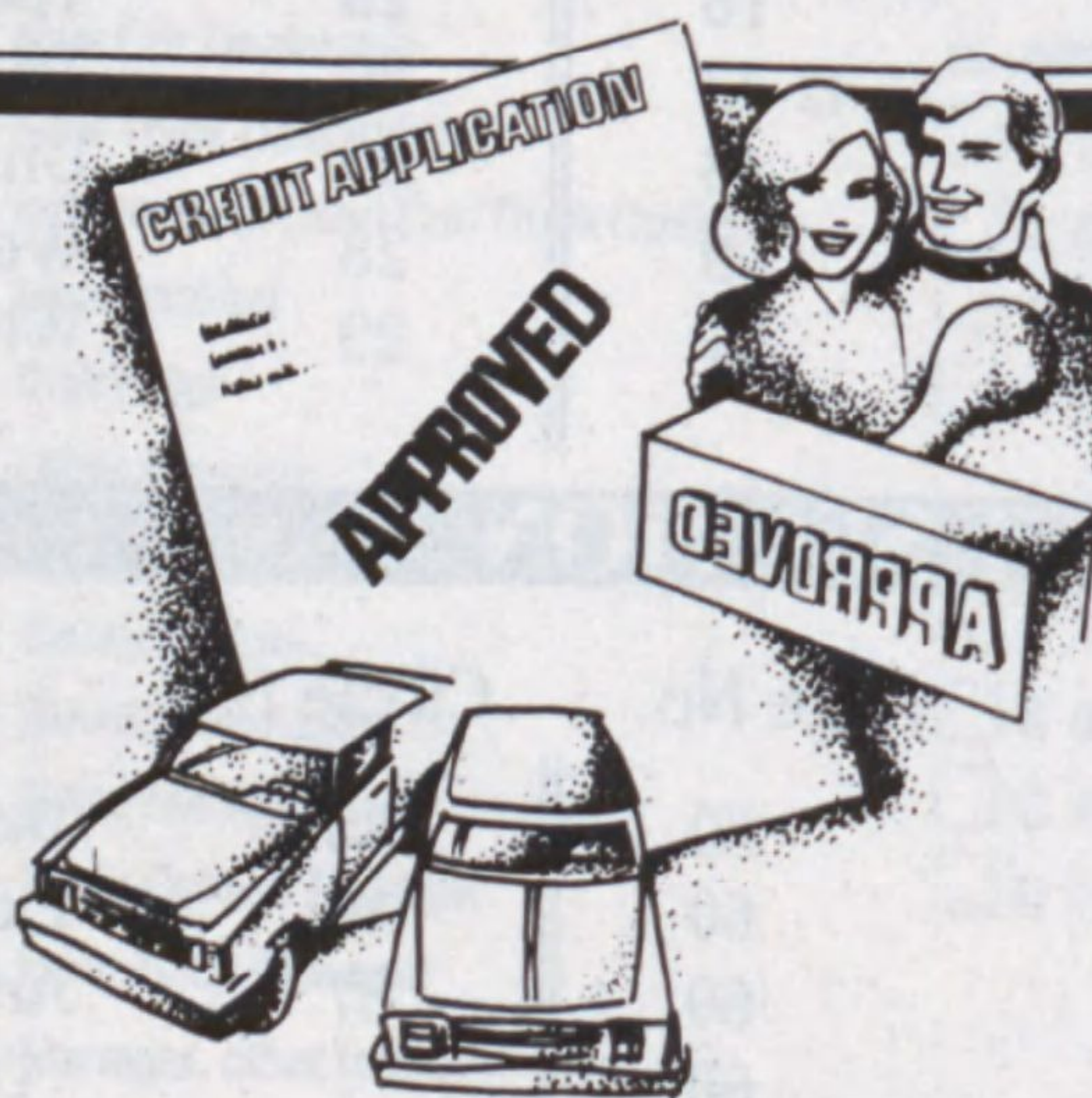
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Court OKs Interest-Free Loan to Shareholders

Would you like to borrow money from your closely held corporation...pay no interest...and beat the IRS in court? If so, you'll like what just occurred in the *Hardee* case.

Here's the story: Mr. Hardee was the majority shareholder and president of a closely held corporation. Hardee, as had been his custom for many years, deferred taking any salary until the end of the corporation's fiscal year. Instead, he borrowed money from the corporation interest-free. During 1973 and 1974, his interest-free loans from the company ran in the \$500,000 to \$600,000 range. Now, get this. Hardee's tax-exempt bond holdings in those years were in the same range. Sweet deal, huh—use the company funds at no cost to earn tax-free interest?

The IRS lowered the boom on Hardee, increasing his income by the amount he would have been required to pay for the loan in an arm's length transaction. The Claims Court agreed with the IRS. Undaunted, Hardee appealed—and won. This is really good news. The IRS has never won a case in this interest-free area in the 20+ years since it all started with the *Dean* case in 1961. The court sided with Dean because it represents a "well-entrenched interpretation" that has logical support. The court concluded by saying any change in this interpretation is a job for Congress, not the courts.

What does this case mean to you? You can feel comfortable playing the interest-free loan game until Congress reacts. But play it safe—document all loans in your corporate minutes and pay them when due. ■

Corporate Filing Extension Doubled to Six Months

You know it, I know it and—at last—the IRS knows it: Corporate tax returns are complicated. The law requires you to file your corporation's tax return two-

and-a-half months after its year end—a practical impossibility for most corporations.

Up until now, the IRS allowed an automatic three-month extension—still not enough time for many corporations. Now, here's the good news: Corporate taxpayers are entitled to an automatic six-month extension. It's easy to do. Just file Form 7004 on or before the original due date of the tax return. (See IR 83-64.)

You must estimate the tax liability and pay it in full when the form is filed. A payment that falls short is subject to interest and possible penalties. My advice: Estimate the amount due on the high side. Any overpayment then can be applied to the next year's estimated tax liability.

If you are already on a three-month extension, the IRS will convert it to the new six-month period. ■

New Ruling Hits Real Estate Investments

Real estate has always been a favorite way to shelter high-bracket tax dollars. The 15-year ACRS (depreciation) rules starting in 1982 gave real estate a needed tax shot in the arm. At about the same time the Rule of 78s appeared in real estate promotions. Use of the rule kicked up the interest deduction in the early years of a real estate investment.

What is the Rule of 78s? Simply add up the sum of 1 + 2 + 3 and so on through 12. You get 78. When you borrow money from a bank for one year and make 12 monthly payments, the interest is charged to you at the rate of 12/78s for the first month, 11/78s for the second month and so on.

Real estate promoters liked this idea so much that they adopted the same concept for deducting interest on a mortgage loan.

For example, if the interest on a 12-year mortgage is \$195,000, using the Rule of 78s the interest in the first year is

\$30,000. In the twelfth year, the interest is only \$2,500. It was a great concept for the taxpayer. Predictably, the IRS didn't like it.

In Rev. Rul. 83-84, the IRS killed the use of the Rule of 78s as a method for deducting interest in a real estate deal. The rule is kept intact for use in consumer loans.

In spite of this minor setback, real estate continues to stay at the head of the class as a legitimate tax shelter. ■

Review Your Retirement Plan—Sex-Based Annuities Are a No-No

The Supreme Court has spoken. This is the holding: Sex-based annuities are discriminatory, and the liability for that discrimination rests with the employer, not the insurance company offering the annuity (*Norres vs. State of Arizona*). Fortunately, the cost only applies to benefits accruing after July 31, 1983.

It all started in Arizona. The state had a voluntary, deferred-compensation plan that gave employees the right to buy an annuity (or take a lump sum distribution) with the amount in their plan account at retirement. If the annuity option was selected, women got smaller benefits than men for the same premium at the same age because the insurance company used by the plan based the annuity amount on sex-based calculations. The court ruled that the annuity amount could not be different based on sex alone. Talk about an empty victory: The plan has been abandoned because of the court's ruling.

If you have any kind of retirement plan—pension, profit sharing or otherwise—this case probably puts you in violation after July 31. Ask your professional advisor to review your plan and recommend appropriate changes. □

This column is prepared as an automotive exclusive for **Automotive Executive** by Irving Blackman, a certified public accountant and attorney. All comments or questions pertaining to this column should be mailed to: **Blackman, Kallick & Co., 180 N. LaSalle St., Chicago, IL 60601.**

Hazardous Waste

The Resource Conservation and Recovery Act (RCRA) governs the management and disposal of hazardous waste. Currently, Congress is in the process of reauthorizing the act.

Under current EPA regulations (which are promulgated under the authority granted by RCRA), businesses which generate less than 1,000 kilograms of hazardous waste per month are, for the most part, exempt from regulations. Both the House and Senate bills now under consideration, H.R. 2867 and S. 757, include provisions which lower the existing EPA exemption for small-quantity generators of hazardous wastes to 100 kilograms per month.

As reported by the full House Energy and Commerce Committee, Section 3 of H.R. 2867 extended EPA hazardous-waste regulations to businesses that generate even very small amounts of hazardous wastes. While NADA did not object to the regulation of small-quantity generators, we believe the approach incorporated in H.R. 2867 was an unnecessarily complicated and costly method of regulation.

As an alternative to Section 3, Reps. Norman F. Lent (R-NY) and Richard C. Shelby (D-AL) offered a substitute amendment on the House floor. The Shelby/Lent Amendment revised the confusing regulatory scheme incorporated in Section 3 by providing adequate lead times and reasonable standard levels for implementing the necessary educational and regulatory programs.

NADA President William C. Turnbull, in a letter to the entire House in support of the Shelby/Lent Amendment, stated, "The major goal when regulating hundreds of thousands of small businesses which were previously exempt from reg-

ulation should be to develop a regulatory scheme which is not so burdensome as to discourage compliance. To this end, the Shelby/Lent Amendment is a preferable alternative to Section 3 of H.R. 2867."

The majority of the Shelby/Lent Amendment was adopted by the full House.

Also included in H.R. 2867 is a provision relating to the management of used oil. Offered by Rep. Barbara A. Mikulski (D-MD), the provision requires the EPA administrator to make a final determination whether to list used automotive and truck crankcase oil as a hazardous waste not later than 24 months after the enactment of the bill.

If used oil is classified as hazardous, generators (dealers) of used oil would be exempt from certain regulations governing used oil if they entered into agreements for delivery of the oil to an approved recycling facility.

This provision has yet to be addressed by the full House.

On the Senate side, S. 757 has been reported by the full Environment and Public Works Committee. Senate floor action on the bill has not been scheduled.

Given the political volatility of this issue, it appears almost certain that a hazardous-waste bill will be passed during this Congress. As soon as a bill passes, NADA will be working with state associations in an effort to educate the dealer body about its responsibility under the law. □

This column is prepared exclusively for **Automotive Executive** by the Legislative Division of the National Automobile Dealers Association. All comments or questions pertaining to this column should be mailed to: **On The Hill, Automotive Executive**, 8400 Westpark Drive, McLean, VA 22102-3953.

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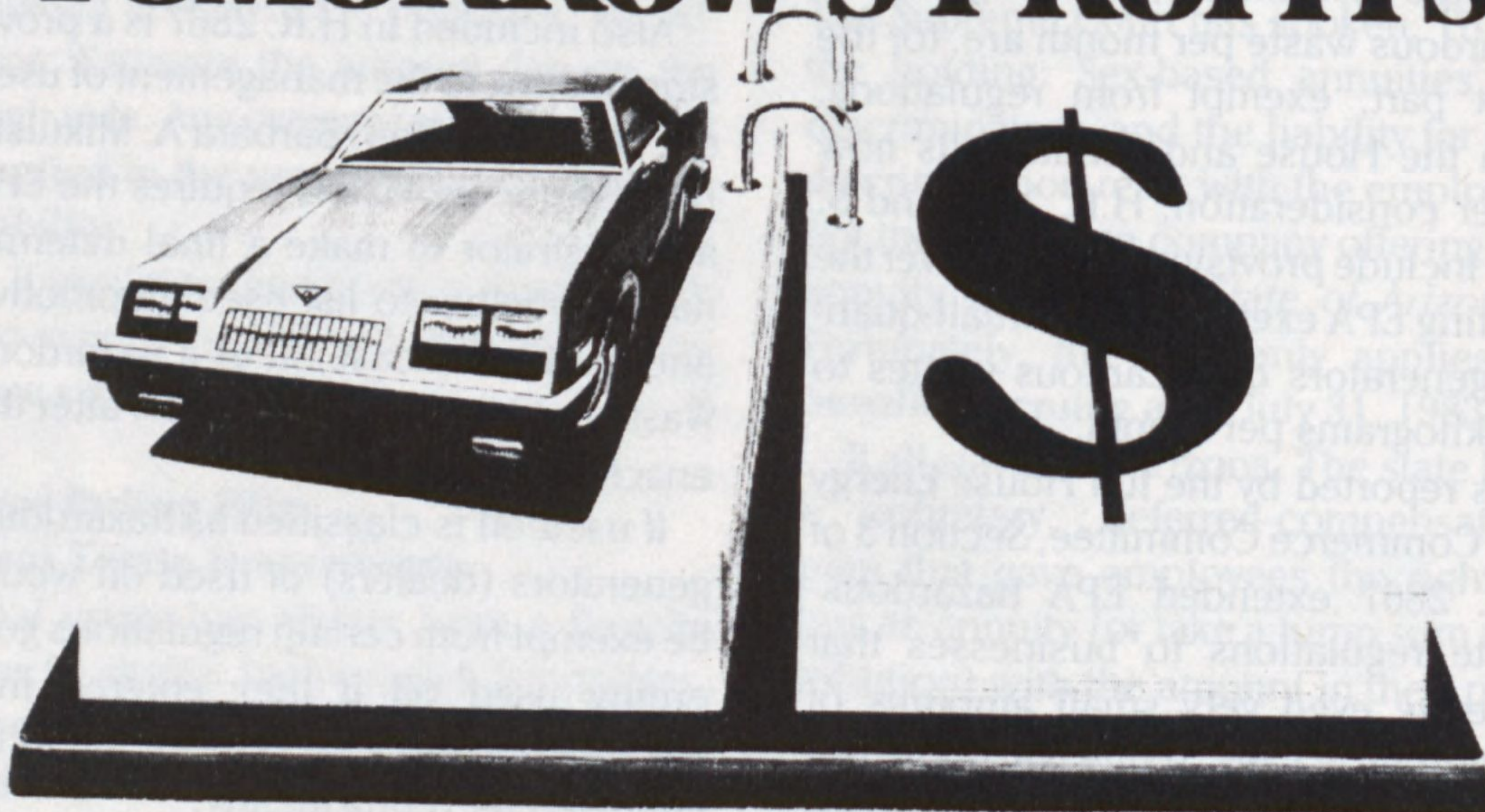
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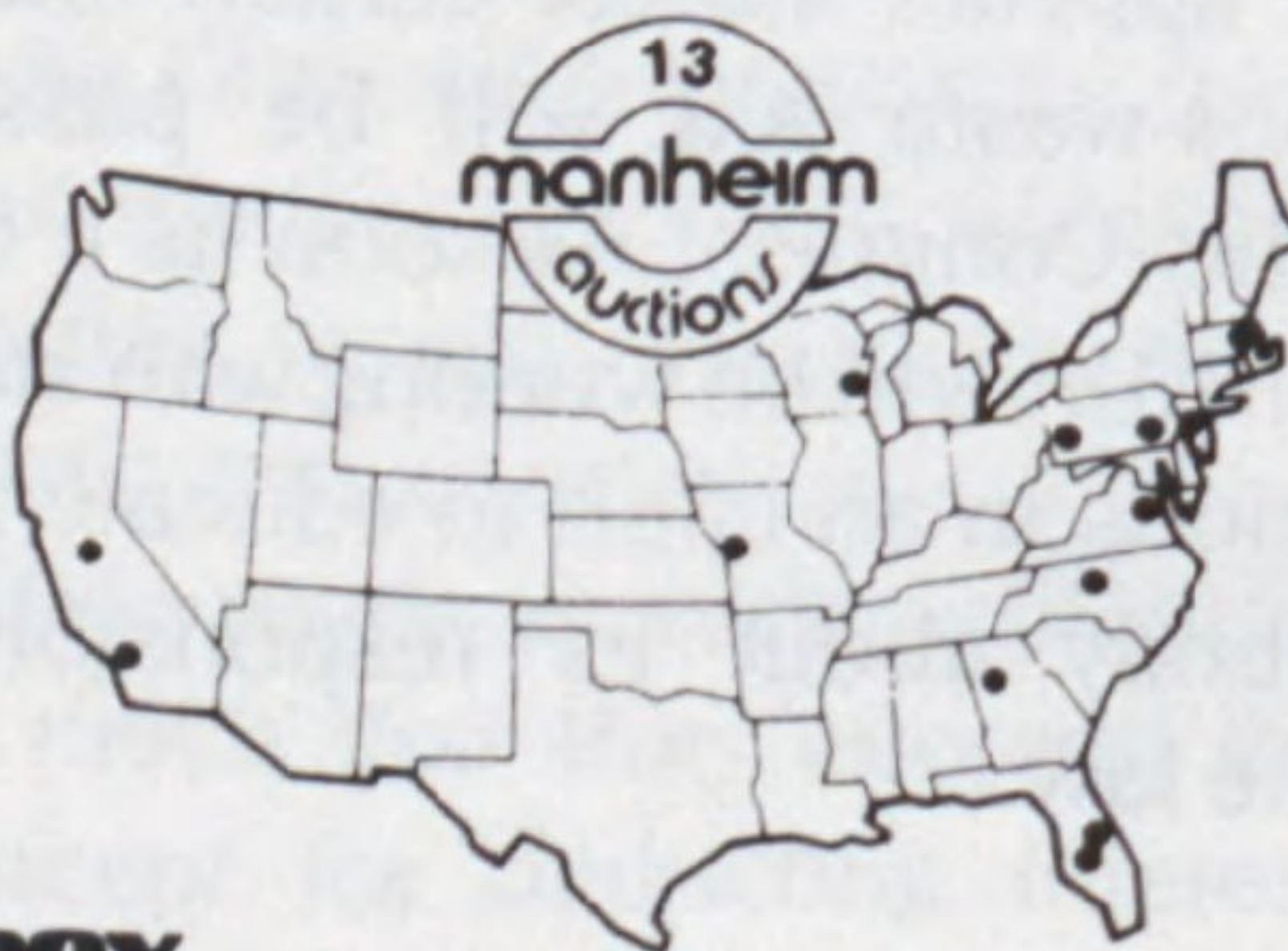
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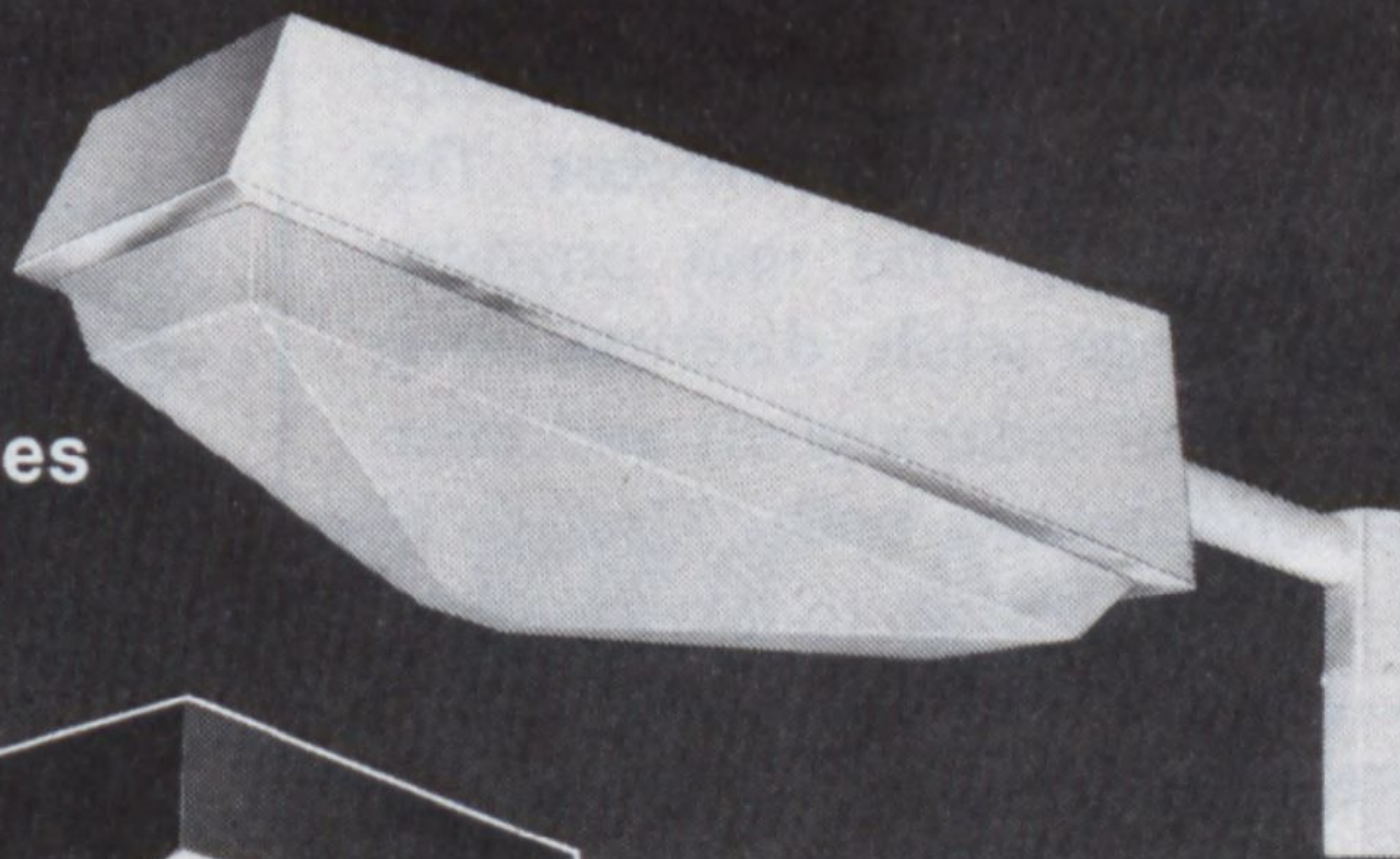
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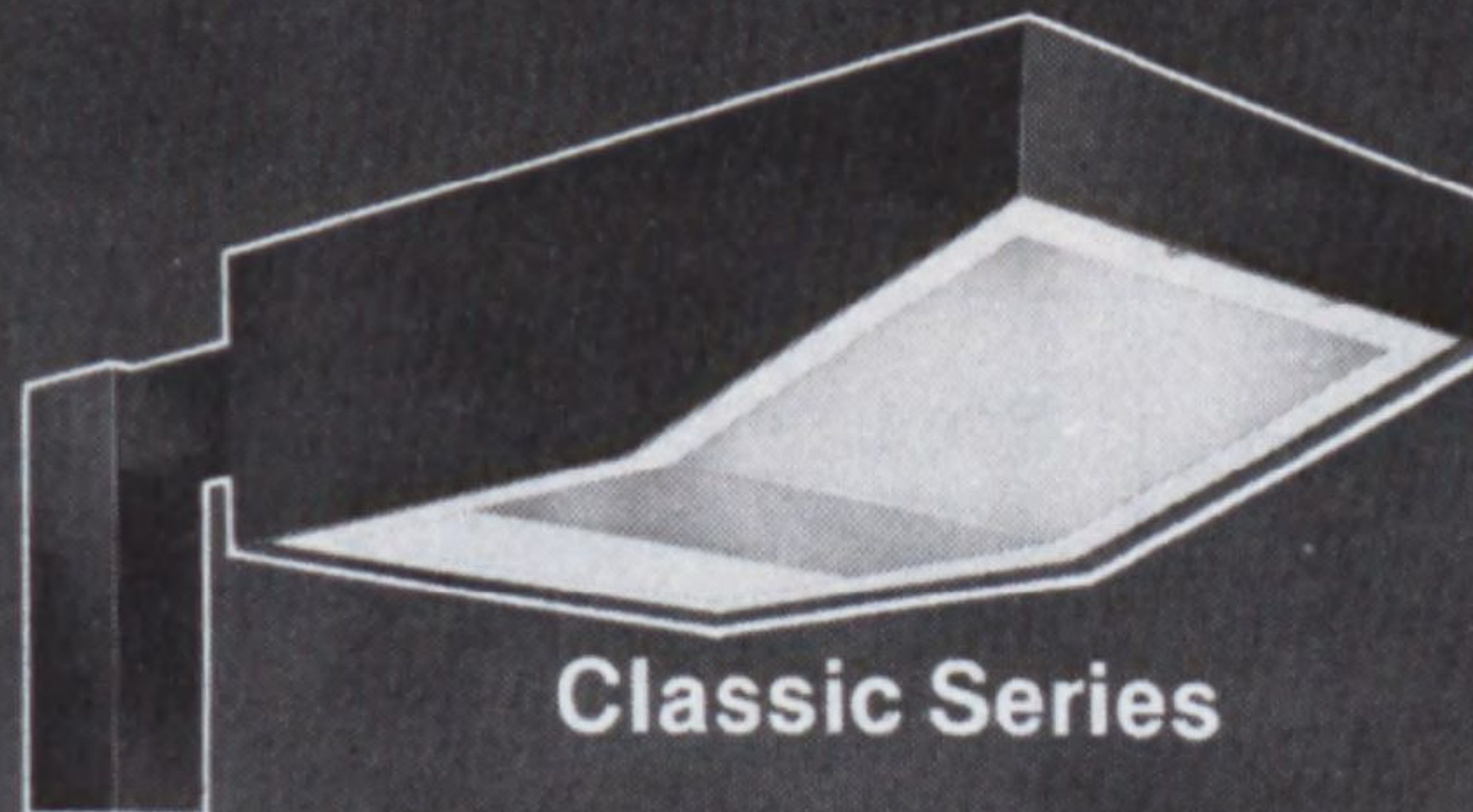
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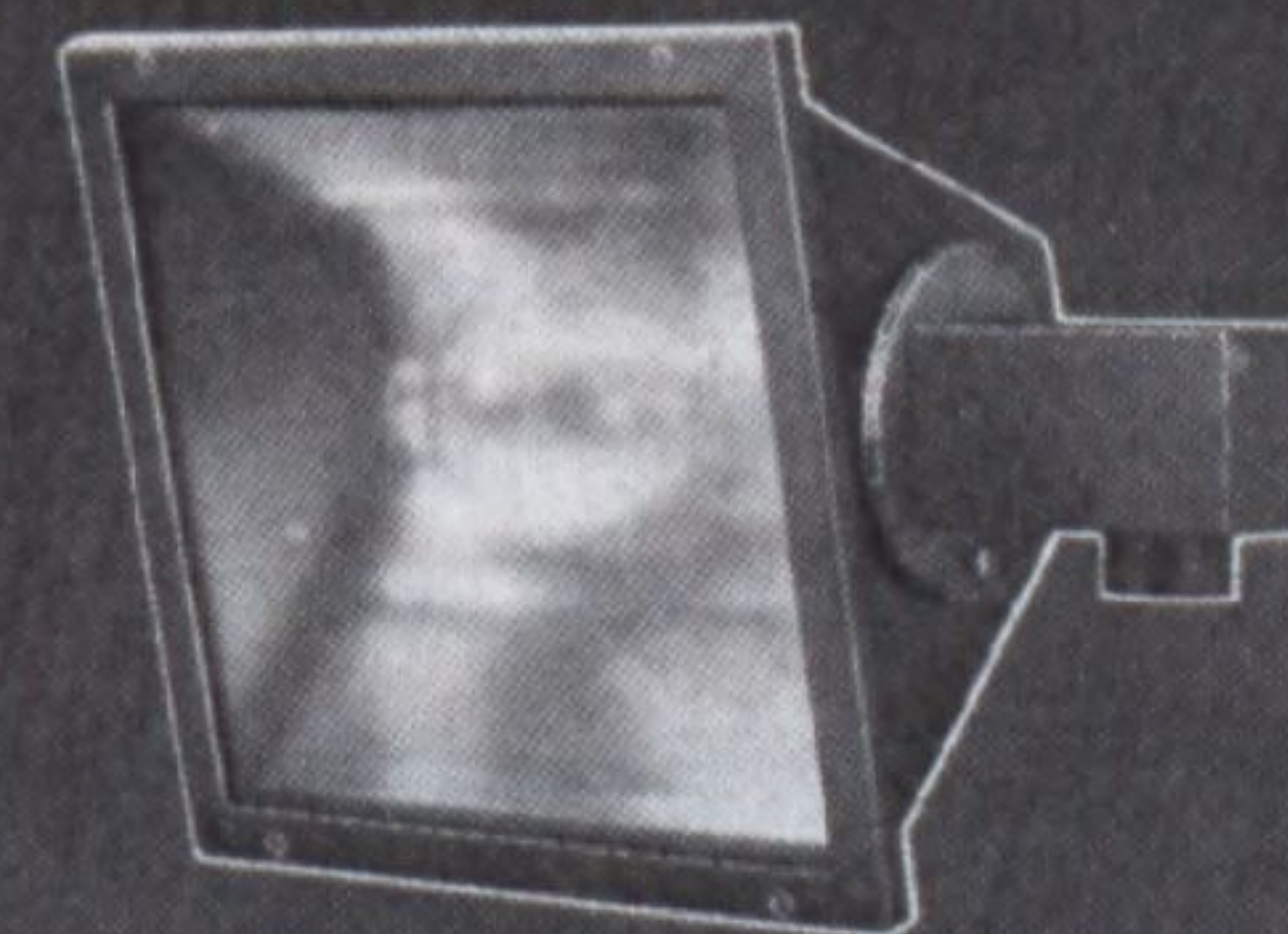
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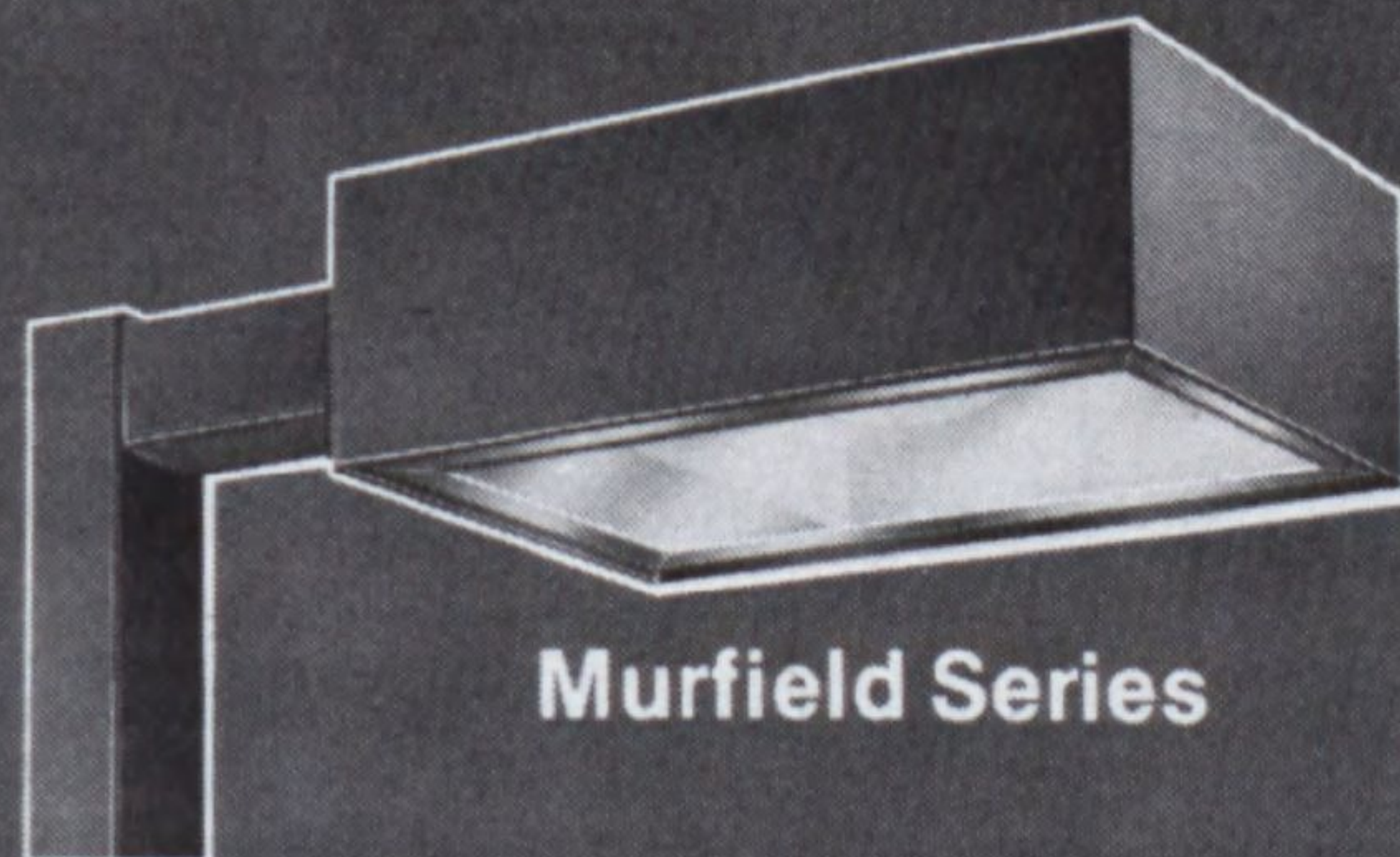
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Showcase: What's New On The Market

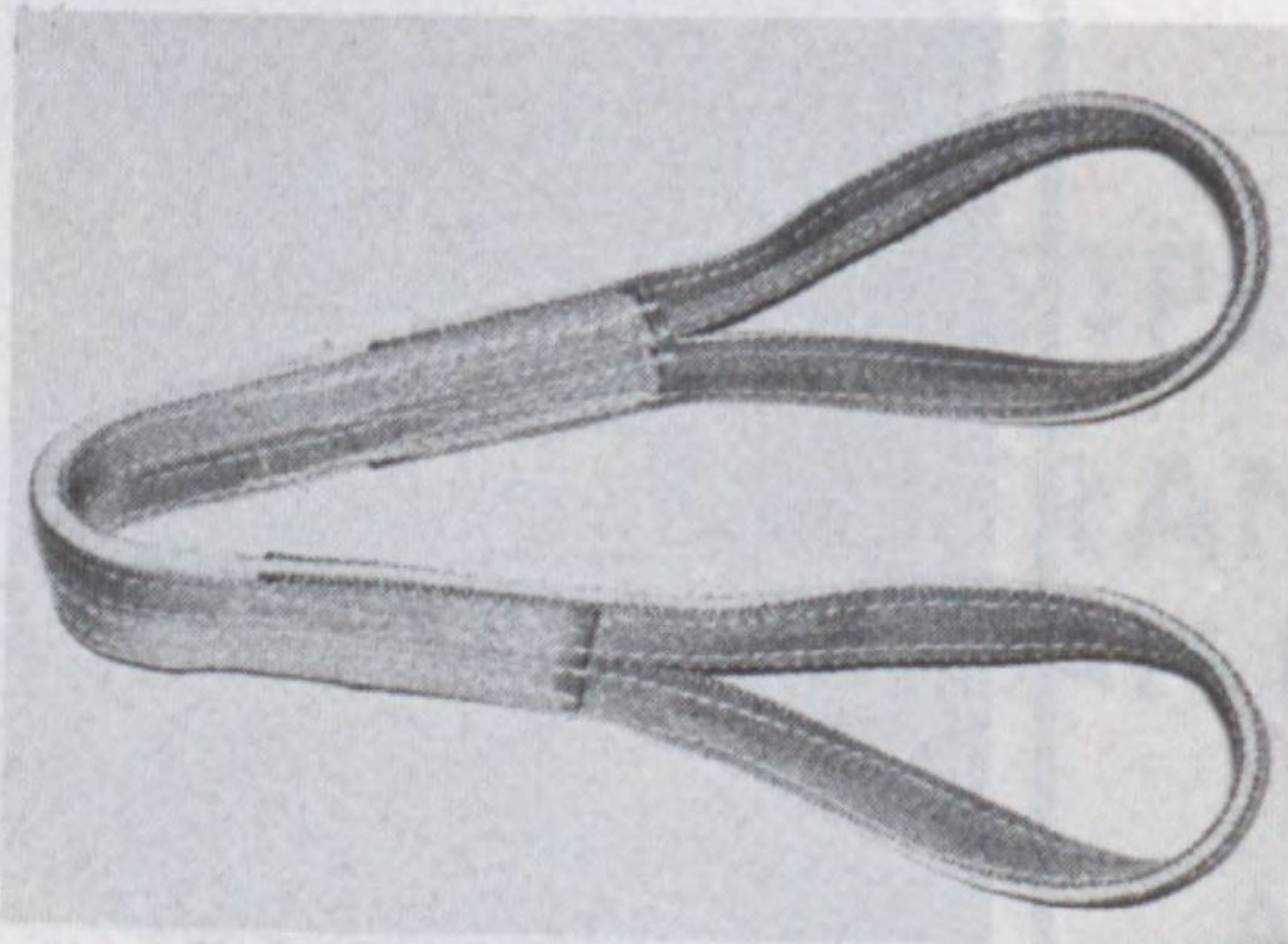
New on the market from Audiovox Corp. is an X/K band **radar detector**. The manufacturer says the unit provides maximum range while discriminating between actual radar signals and interference, and detects both "X" and "K" police radar bands, up to five times the range detected by conventional circuits. The detector features an adjustable sensitivity control, built-in warning buzzer and LED alert light and comes with a mounting bracket and Velcro mounting strips. Manufacturer: Audiovox Corp., Hauppauge, NY. ■

(For more information circle #81)



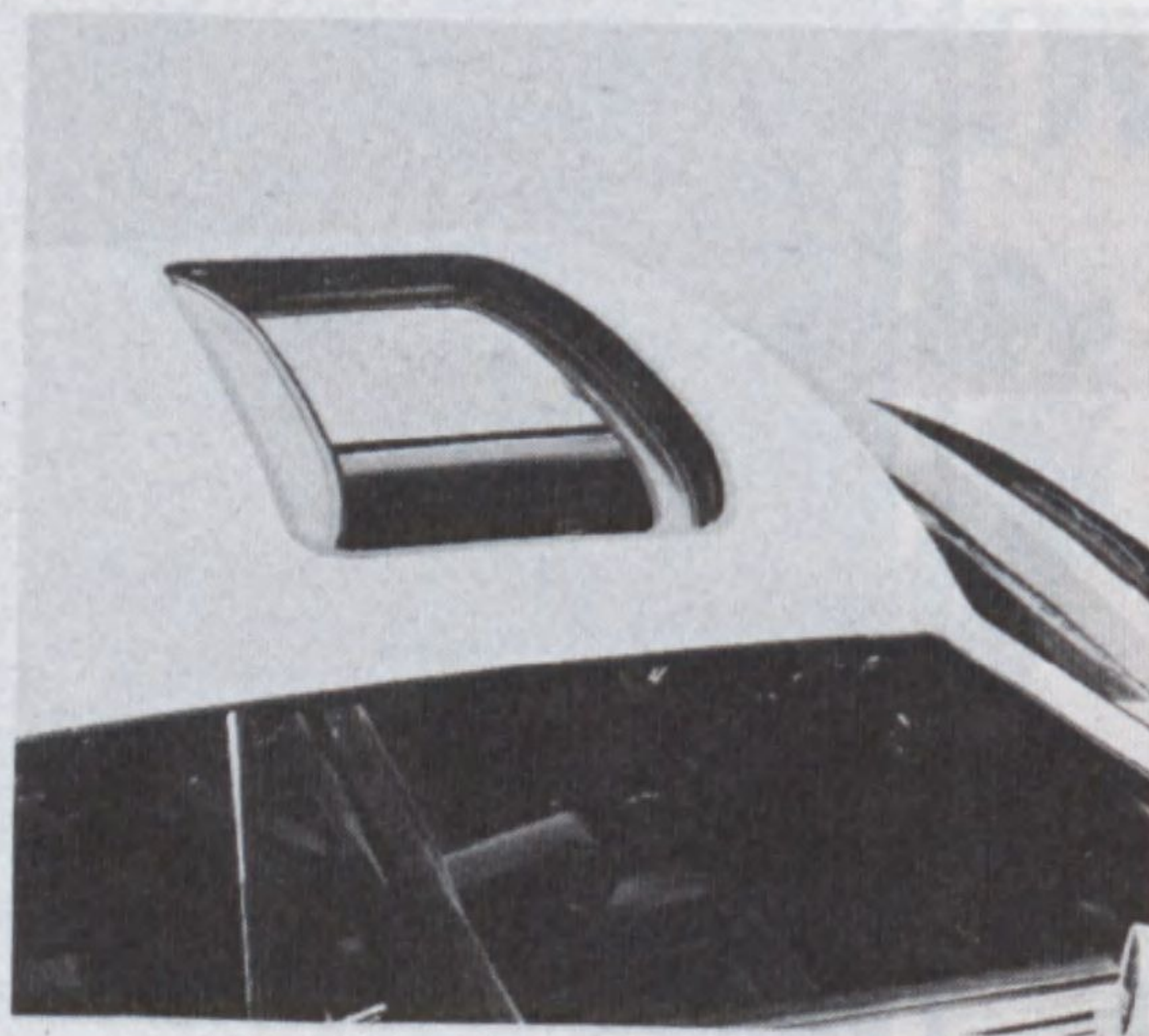
Quaker State Oil Refining Corp. has begun marketing its new GT Performance **motor oil**. According to the manufacturer, the oil is recommended for all automotive engines and provides maximum engine protection, minimizes foaming and cam lobe and valve train wear, resists thinning at high temperatures, and protects bearings and pistons. Manufacturer: Quaker State Oil Refining Corp., Oil City, PA. ■

(For more information circle #82)



Bee Line is introducing three-foot heavy-duty **nylon pulling straps** for collision repair shops as a replacement for standard frame straightening $\frac{3}{8}$ -inch pulling chains. According to the company, these straps are lightweight, reduce set-up time and do not harm undamaged parts. Manufacturer: Bee Line Co., Bettendorf, IA. ■

(For more information circle #83)



American Sunroof Customcraft of Atlanta has a new **sunroof**. This lightweight unit offers two modes of operation: full retraction into the roof panel or vented. A built-in air deflector improves air flow. The company says the sunroof has been designed with improved drainage characteristics, headroom clearance and serviceability. Manufacturer: American Sunroof Customcraft of Atlanta Inc., East Point, GA. ■

(For more information circle #84)

Durakon Inc. is introducing a new, guaranteed **truck bed mat**. According to the manufacturer, the mat offers a range of customer benefits unique in the market, including a ribbed design to prevent corrosion, make loading and unloading easier and help keep cargo from sliding. Manufacturer: Durakon Inc., Grand Blanc, MI. ■

(For more information circle #85)

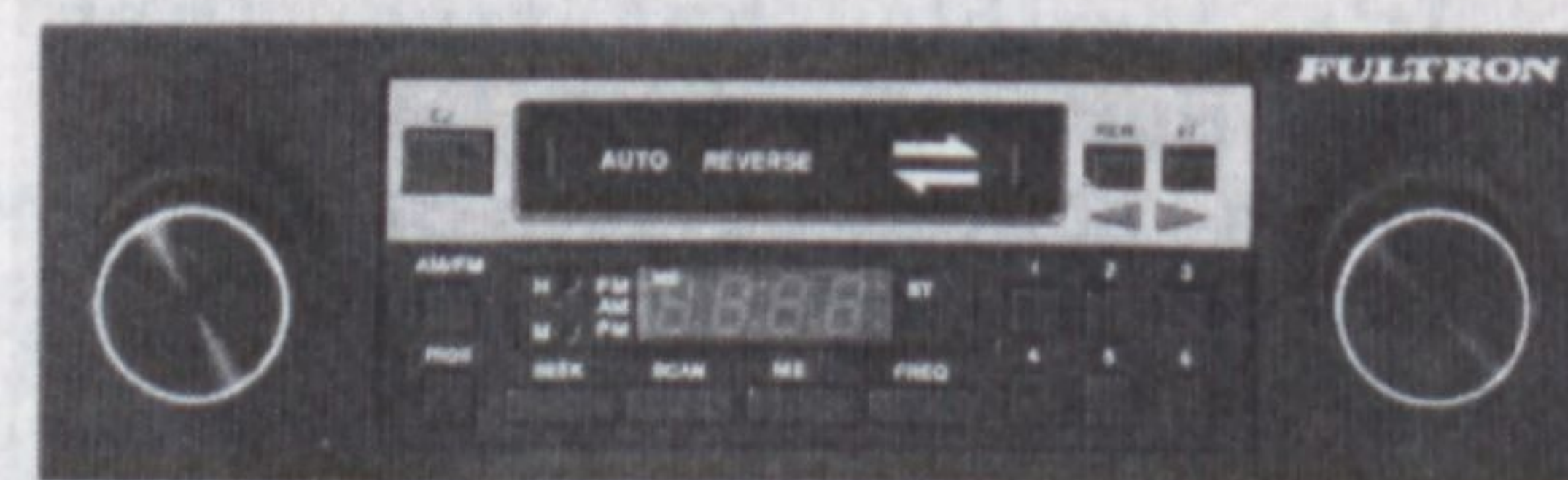
Executive Industries Inc. is introducing its all-new 1983 Model 35 luxury **motor-home**. It features Executive's exclusive steel collateral construction and a fiberglass exterior. Two different floor plans are available, both including Executive's professionally designed interior. Manufacturer: Executive Industries Inc., Anaheim, CA. ■

(For more information circle #86)



Available from Arthur Fulmer Inc.'s Electronics Division is the Fultron model 16-800 electronically tuned AM/FM **car stereo** with auto-reverse cassette player. The unit features 6 AM/6 FM station presets; seek and scan station locator; LED digital frequency/time display; locking fast forward and reverse; built-in mono-stereo switching; balance and fader controls; automatic FM muting; and a small chassis that fits most cars. Manufacturer: Arthur Fulmer Inc., Electronics Division, Memphis, TN. □

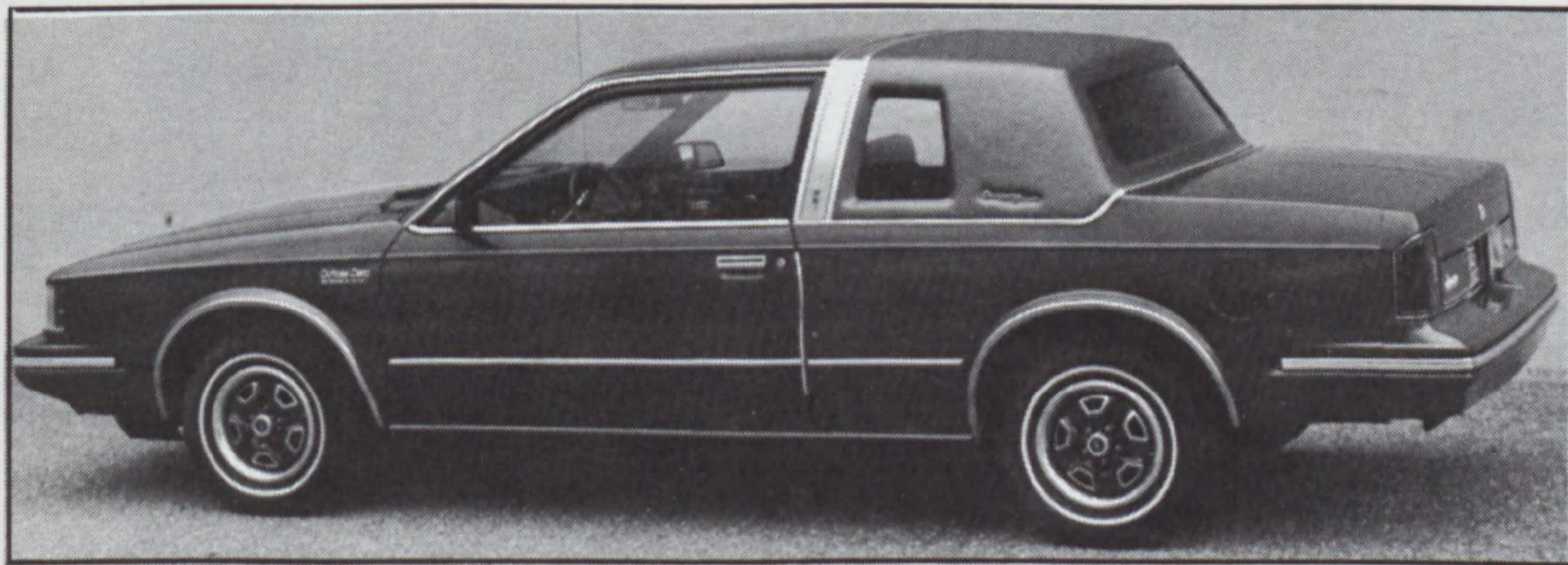
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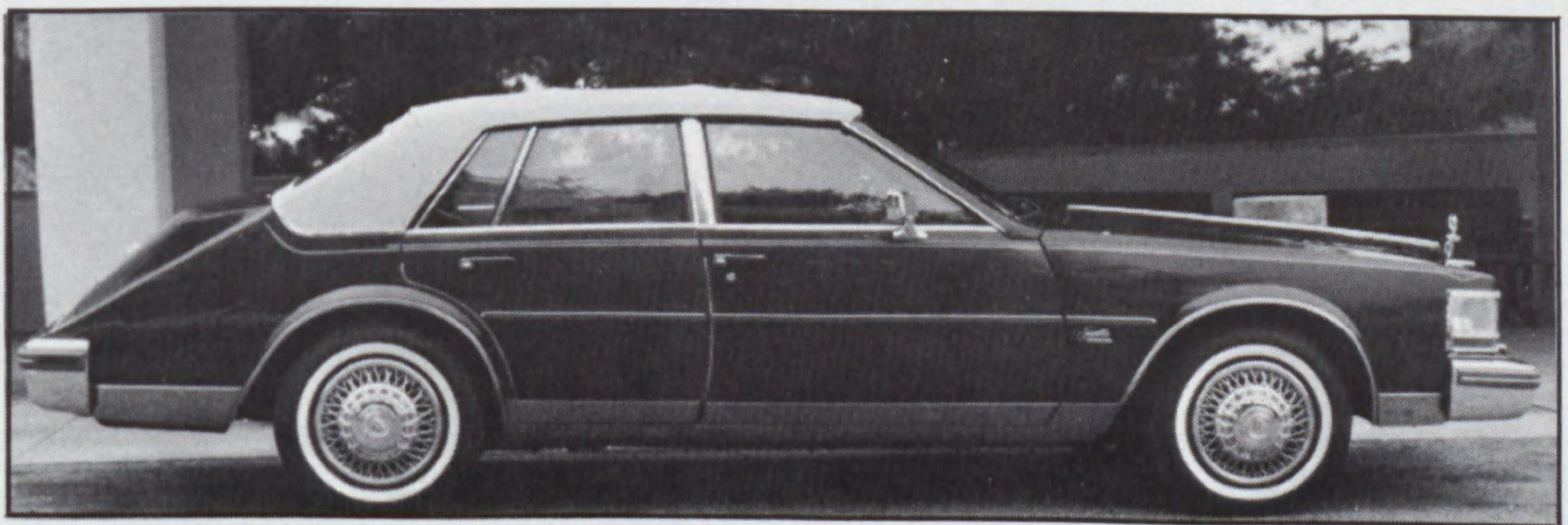
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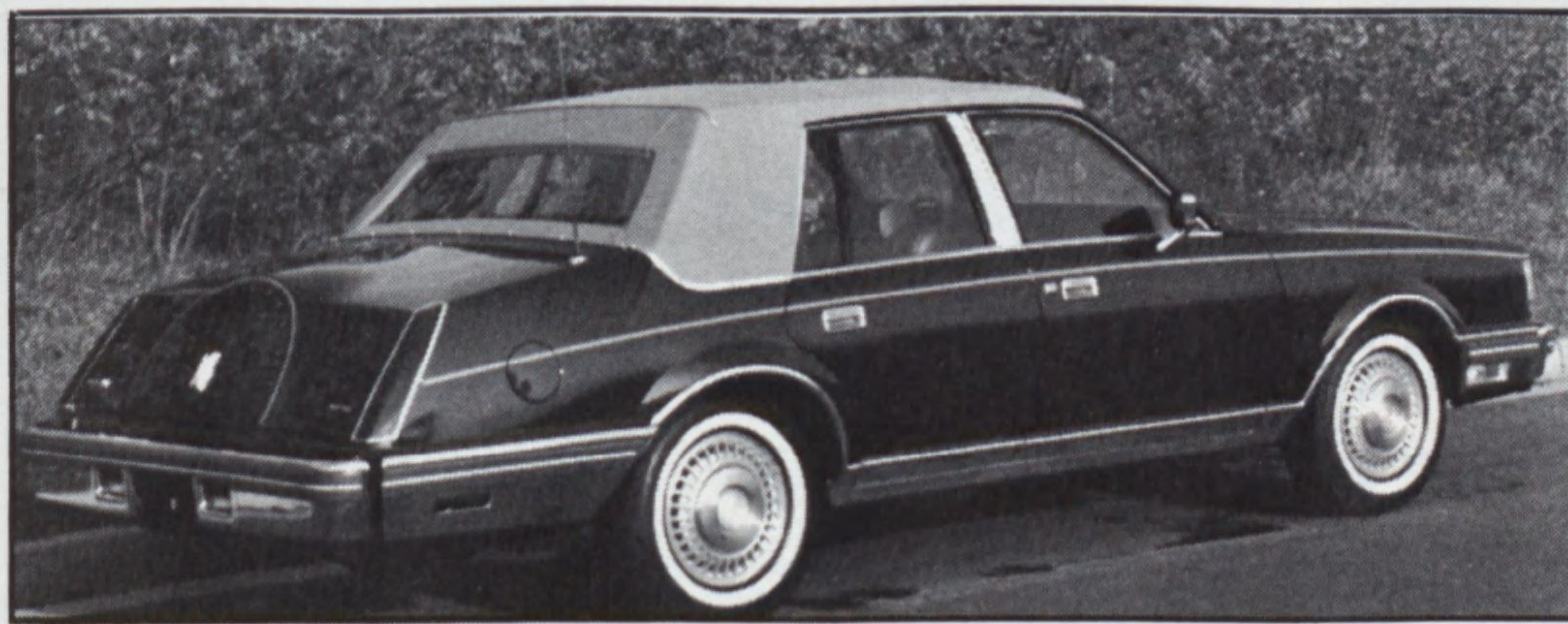
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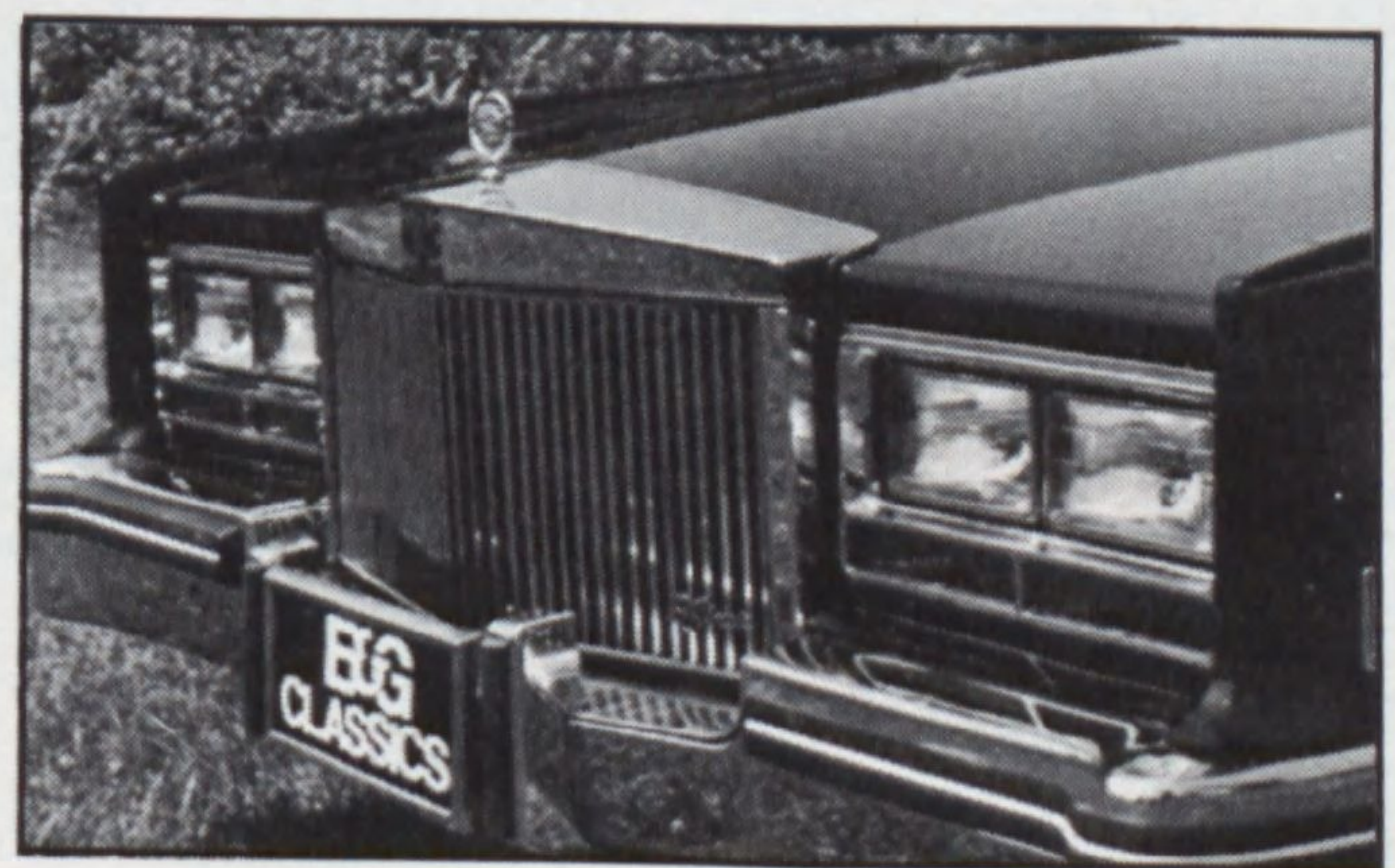
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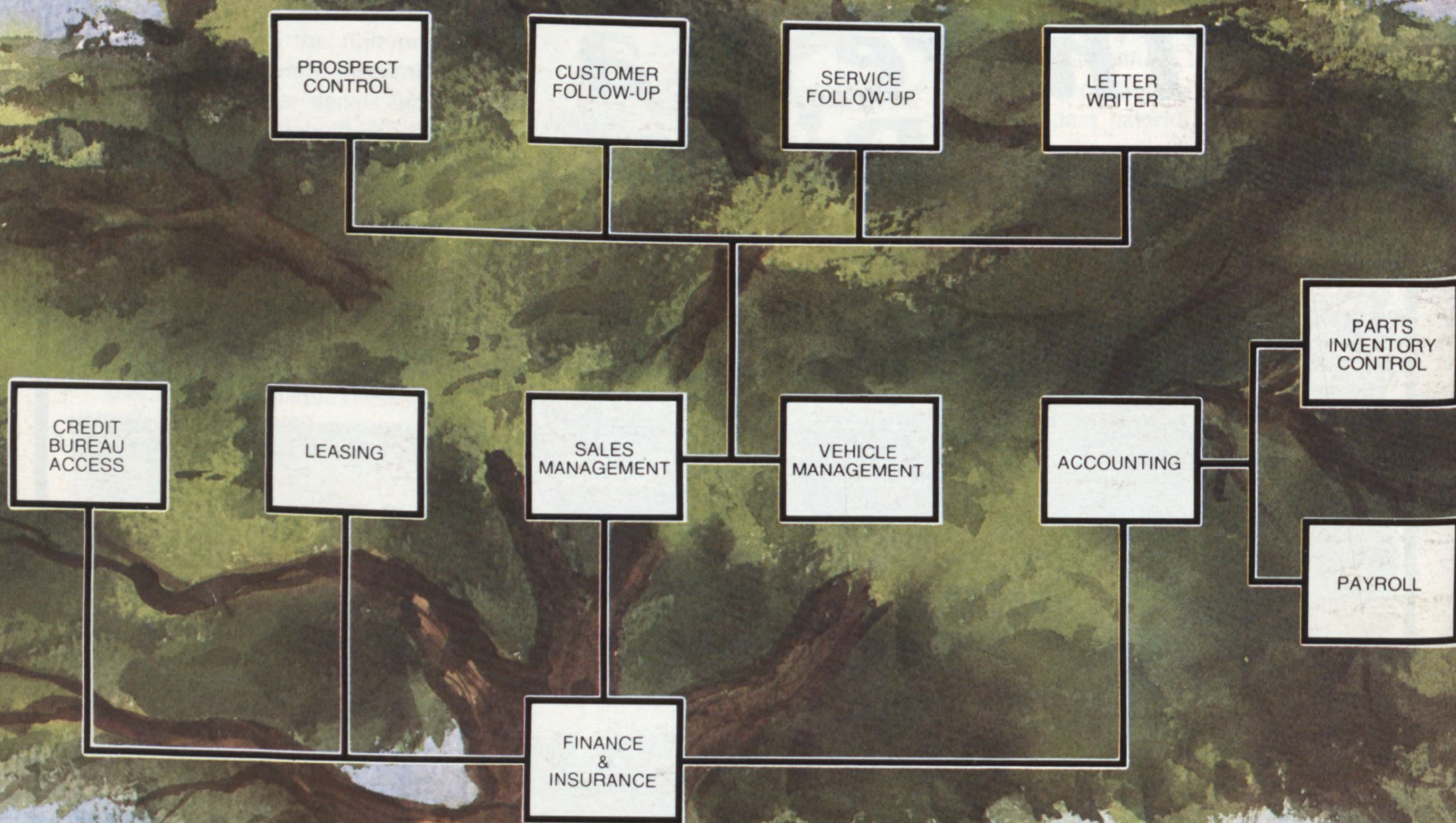


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(For more information circle #17)